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ABSTRACT

Statements, prepared statements, letters, and supplemental materials are included in this hearing report on legislation to enact a national educational demonstration agreement for school restructuring. The goal of demonstration programs is to improve student performance at the local level with fewer federal state and local restrictions, particularly those involving allocation and funding. Testimonies presented in support of the proposed bill argue that increased local flexibility will improve the quality of and access to special needs population programs. Statements were presented by: Albert Shanker, American Federation of Teachers; Roger Semerad, Nabisco; Thomas M. Kean, Governor of New Jersey; Robert Holland, Committee for Economic Development; G. Alfred Hess, Jr., Chicago (Illinois) Panel on Public School Policy and Finance; and LaVaun Dennett, former Principal, Montlake Elementary School, Seattle (Washington). (LMI)

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HEARING ON H.R. 3347, A NATIONAL DEMONSTRATION PROGRAM FOR EDUCATIONAL PERFORMANCE AGREEMENTS FOR SCHOOL RESTRUCTURING

HEARING

BEFORE THE

SUBCOMMITTEE ON ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR HOUSE OF REPRESENTATIVES

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

HEARING HELD IN WASHINGTON, DC, NOVEMBER 16, 1989

Serial No. 101-66

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HEARING ON H.R. 3347, A NATIONAL DEMONSTRATION PROGRAM FOR EDUCATIONAL PERFORMANCE AGREEMENTS FOR SCHOOL RESTRUCTURING

THURSDAY, NOVEMBER 16, 1989

HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON ELEMENTARY, SECONDARY,
AND VOCATIONAL EDUCATION,
COMMITTEE ON EDUCATION AND LABOR,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:40 a.m., in Room 2175, Rayburn House Office Building, Hon. Glenn Poshard presiding.

Members present: Representatives Poshard, Hawkins, Martinez, Hayes, Sawyer, Owens, Goodling, Grandy, Smith, Bartlett, Gunderson and Petri.

Staff present: John Jennings, counsel; June L. Harris, legislative specialist; Beverly Griffin, staff assistant; and Beth Buelhmann, minority education coordinator.

[The text of H.R. 3347 follows:]

I

101ST CONGRESS
1ST SESSION

H. R. 3347

To establish a National Demonstration Program for Educational Performance Agreements for School Restructuring.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 26, 1989

Mr. SMITH OF VERMONT (for himself, Mr. POSHARD, Mr. GUNDERSON, Mr. FAWELL, Mr. HENRY, Mr. GRANDY, and Mr. HAYES of Illinois) introduced the following bill; which was referred to the Committee on Education and Labor

---

A BILL

To establish a National Demonstration Program for Educational Performance Agreements for School Restructuring.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress finds and declares that—

(1) the ability of the United States to deliver more effective educational services to its citizens, especially disadvantaged citizens and traditionally underserved citizens, is of primary importance to the national secu-

rity and to the continued role of the United States as a world leader;

(2) the ability of local school authorities to direct and inspire confidence in the public schools under their leadership is severely impeded by the paperwork burden and regulatory limitations imposed by numerous, widely dissimilar education programs administered by the Federal Government and by the States, such as elementary and secondary education programs, vocational education programs, and education programs for special populations;

(3) local school authorities, parents, and teachers in disadvantaged areas, whether rural or urban, are better able to lead the children under their supervision away from involvement in drugs and violence and toward revitalization of the community in which they live, than is the Federal Government through uniform regulation;

(4) local school authorities have requested greater freedom in designing innovative programs in exchange for an agreement to achieve higher, clearly stated performance levels in a reasonable period of time; and

(5) all public education in this country will benefit from school improvement models developed under such

an agreement, as identified by the Secretary of Education.

(b) PURPOSE.—It is the purpose of this Act to establish a national demonstration program for educational performance agreements, under which States make available such funds as may be necessary to plan, develop, and monitor educational performance agreements designed to allow greater flexibility to local school authorities by consolidating funds available to a school under various Federal, State, and local programs and allowing local school authorities to implement innovative programs to achieve higher performance levels in schools. Such agreements shall maintain appropriate protections with respect to civil rights, discrimination, and safety.

SEC. 2. NATIONAL DEMONSTRATION PROGRAM FOR EDUCATIONAL PERFORMANCE AGREEMENTS FOR SCHOOL RESTRUCTURING.

(a) ESTABLISHMENT OF PROGRAM.—

(1) GENERAL AUTHORITY.—Subject to the provisions of this Act, the Secretary of Education shall enter into educational performance agreements with State and local school authorities which submit a proposal to carry out the purposes under section 1(b).

(2) FEDERAL PROGRAMS.—Such educational performance agreements may consolidate Federal, State,

and local funds available for programs relating to education and youth services, including—

(A) The Elementary and Secondary Education Act of 1965.

(B) Carl D. Perkins Vocational Education Act.

(C) The Adult Education Act.

(D) The Job Training Partnership Act.

(E) Subtitles A, B, and C of title VII of the Stewart B. McKinney Homeless Assistance Act.

(F) Programs relating to teenage pregnancy.

(G) Drug education and prevention programs.

(H) Youth gangs programs.

(I) The Education of the Handicapped Act.

(3) LIMITATION.—Nothing in this Act may be construed to authorize any changes in, substitutions for, or lessening of the protections of Federal laws and regulations regarding civil rights, discrimination, and safety or to affect regulations and prohibitions concerning the diversion of Federal funds for private use.

(b) STATE AND LOCAL PROPOSALS.—

(1) STATE SELECTION CRITERIA.—

(A) States shall give priority to proposals with local school authorities concerning schools in

areas with high poverty rates or other indices of disadvantaged status.

(B) States shall consider—

(i) the geographical distribution of proposals; and

(ii) the distribution between urban and rural areas.

(C) In determining areas with high poverty rates under this subsection, the State shall utilize the most recent United States Department of Labor criteria of poverty.

(2) ASSURANCES.—A proposal shall be submitted to the Secretary of Education by the State and all affected local school authorities. Such proposal shall contain such information, commitments, and assurances as the Secretary may determine are necessary including—

(A) commitments from the State and local school authorities concerning the initial year for development of a plan for implementation of the agreement;

(B) assurances that sufficient State funds will be available for technical assistance, planning and development, implementation, and assessment under the agreement;

(C) commitments from the State and local school authorities that a local educational performance agreement committee will be formed to develop and implement the plan and for oversight during the implementation of the plan under the agreement;

(D) a preliminary determination of the Federal, State, and local funds which will be affected under the agreement and the manner in which such funds will be consolidated;

(E) a preliminary determination of, and a commitment to adhere to, alternative Federal and State regulations under the agreement;

(F) assurances from State and local school authorities that appropriate indices and goals for higher educational performance will be developed in a plan; and

(G) commitments from State and local school authorities that the implementation plan will be developed with the full-time assistance of classroom personnel (including paid release-time for teachers).

(c) EDUCATIONAL PERFORMANCE AGREEMENTS.—

(1) IN GENERAL.—An educational performance agreement under this Act shall be effective for six

fiscal years. The first year of any agreement shall be a planning year for the development of a plan for implementation under subsection (d). No Federal funds may be diverted or consolidated during such planning year. The second year under the agreement and each subsequent year through year six shall be implementation years in which the educational performance agreement, as detailed in the plan, is carried out.

(2) INITIAL PLANNING YEAR.—During the initial planning year, the State shall provide to the local school authorities—

(i) such technical assistance as may be necessary; and

(ii) funds sufficient to meet the costs of developing a comprehensive and detailed plan for the implementation of the project over five fiscal years.

(3) IMPLEMENTATION YEARS.—For the second and each subsequent year through year six in which an agreement under this Act is in effect, the State shall make such funds available to the local school authorities as are necessary for continuing technical assistance and project administration, monitoring, and annual evaluation.

(d) PLAN.—A plan for the implementation of the educational performance agreement during years two through six shall—

(1) be coordinated by a local educational performance agreement committee;

(2) be the result of participation by parents, business and community representatives, the appropriate private industry council established under section 102 of the Job Training Partnership Act, and local school authorities;

(3) be entered into by the schools, the local educational agency, the State, and the Secretary;

(4) be amendable through negotiation during the term of the agreement;

(5) include any relevant provisions of the proposal under subsection (b);

(6) contain goals for each respective group covered by the pertinent program authorities used in the agreement;

(7) include a set of intermediate performance goals;

(8) include higher outcomes than previously demonstrated for each respective group covered by the pertinent program authorities used in the agreement;

(9) identify which entity will be responsible for the achievement of the stated goals at the end of each year of the agreement;

(10) include—

(A) a description of the indices to be measured in order to ascertain the amount of progress made toward the stated goals of the agreement, which indices shall include—

(i) the dropout rate;

(ii) teacher and student absenteeism rates;

(iii) skill levels of students in reading and mathematics; and

(iv) other factors considered to be appropriate by the local educational agency;

(B) a description of the methods to be used in measuring such indices; and

(C) a measurement of such indices as of the date the educational performance agreement is entered into;

(11) provide for the termination of the agreement if for any two of the first three years of implementation of the plan, the indices for assessment of progress made toward the stated goals under the agreement in-

dicate insufficient improvement in educational performance;

(12) include a plan for coordinated services and service delivery;

(13) describe what services will be provided under the agreement;

(14) describe rewards and incentives that will be provided to students and successful service providers, particularly incentives for service providers that meet goals for students who are members of special populations and dropouts; and

(15) include a commitment that—

(A) the project will be evaluated by the local educational agency not less often than once annually during the term of the agreement; and

(B) the State shall submit the results of the evaluations conducted under subparagraph (A) to the Secretary.

(e) EVALUATION AND REPORT TO CONGRESS.—

(1) FINAL.—

(A) The Secretary of Education, in consultation with the heads of other affected Federal executive agencies, shall enter into a contract for an independent evaluation of each educational performance agreement under this Act and submit to

the appropriate committees of the Congress a report that contains an analysis of that educational performance agreement and a description of the results achieved through such agreement.

(B) Each report required by subparagraph (A) shall be submitted not later than one year after the termination or completion of the educational performance agreement.

(2) INTERIM.—The Secretary shall provide interim progress reports to the Congress with respect to each educational performance agreement under this Act, based on an analysis of the yearly evaluations conducted pursuant to each agreement.

(f) DEFINITION.—For the purposes of this Act, the term "local school authorities" shall include, as appropriate, local educational agencies and administrators of all affected schools.

Mr. POSHARD. I will now convene the Subcommittee on Elementary, Secondary, and Vocational Education of the Committee on Education and Labor at this point in time. Do we need a roll call this morning? No, we do not.

I thank Chairman Hawkins for allowing me to chair the meeting this morning as one of the cosponsors of the bill. I am pleased to do that. I thank the chairman and the minority for their attendance this morning.

Let me just make a short opening statement, if I may. I have not been too many years removed from the classroom and from the administration of local public school programs. I have some familiarity with the implementation of many of the Federal and state level programs.

I have perceived over the years in trying to teach in these programs and administer the programs a great deal of dissatisfaction at the local level in the way we go about that.

I think, if I can paraphrase what local administrators, teachers, other officials with local school districts are saying today, it would be something similar to this: "If you are going to continue to pass the mandates at both the state and Federal levels without providing the resources, then at least give us the flexibility to utilize those resources that we have"—which, by the way, are for the most part our own resources, since at least in the state of Illinois, where I am from, most of the resources for education are local property tax monies—give us the flexibility to try to do this in the most cost effective, efficient way possible to achieve the very good and well intentioned mandates of the legislative assemblies at both the state and the Federal levels.

We are not contesting the desired results of the Federal and state programs. We agree with you that the objectives that the Congress and state legislatures have set forth are good. They are commendable. They are what we ought to be about.

We cannot achieve those results given the restraints upon us with the present system. I realize that if Congress and the respective state assemblies do not articulate broad national based objectives for educational systems, many local school districts will never take up the task.

We need to keep up the pressure for accomplishment of these national educational objectives, but in my judgment it is time that we at least take a look at giving local boards a chance to see if they can meet these objectives in a way that is educationally sound but economically efficient.

I was a member of the Illinois state senate a few years back, when we passed one of the most comprehensive, perhaps the most comprehensive, school education reform bills in the State of Illinois' history.

We had pledged as members of the legislature to put into that reform movement over a three-year period $1.3 billion. At the end of the first year and the first allocation of $300 million to accomplish the desired reforms, we never got past that. We never came through with the additional moneys.

We had implemented unbelievable reform mandates which were good. They were well intentioned. All of us agreed that they were what our educational system needed, and yet we ended up leaving

the locals holding the bag, so to speak, to meet those mandates without the resources to get the job done in the fashion, at least, which we had all agreed upon.

The mandates are still in place, the strings are still attached, but the frustration level for people at the local educational level is so high now in trying to carry forward with those reforms without the necessary resources.

They need flexibility. This can be done. I think the bill that we are going to be discussing here today goes a long way toward allowing that flexibility to accomplish the same objectives and the same standards which we all agree are good for our children.

With that I will recognize Mr. Smith, who is the sponsor of the bill.

Mr. SMITH. Thank you, Mr. Poshard. I do have a short statement that I will submit for the record and will excerpt from it, and then we will get on, because I am not blind and see that we have Governor Kean here, and he was prescient enough to come last night and spend the evening in Washington, so we are delighted to have him here. So I will try to speed up.

I cannot help noticing that we operate with twin whirlwinds today. On the outside we have the natural kind and on the inside we have the Congressional ethics and pay raise bill operating from quarter of ten until eleven o'clock in other parts of this building, so we operate in a time of great change both inside and outside this institution.

Mr. Chairman, and also Mr. Chairman of the Committee, Mr. Hawkins, I want to thank you for providing an opportunity for this hearing on this school restructuring bill. I want to thank those of our guests and witnesses who were able finally to fight the weather to get here on a difficult day.

In Vermont there is a piece of advice that we abide by that says, "If it ain't broke don't fix it."

In public education in America today something is broke, and there are very few educators and parents who have not realized that.

The idea of restructuring schools to improve education isn't new, but so far we have been unable to combine the political will with the right idea to affect policy and practice on the National and state levels together.

Fortunately, some school systems have not waited for a national partnership. We know about Miami. We know about Pittsburgh. We know about others.

Nor have states waited. Notably, North Carolina with its new state restructuring bill, which has passed the North Carolina Legislature and is law, which I will submit for the record later today; New Jersey; my own Vermont; the state of Washington—many states have taken a leadership role in trying to energize schools at the local level to higher performance.

Most recently the concept of restructuring spilled into the political and public arena as a result of the historic education summit between the president and our nation's governors.

The summit and the attention which it has commanded has given us an extraordinary opportunity, I believe, here in Congress to work with the administration and the governors toward a na-

tional policy that will restructure our public school system for the better.

That brings me to the reason we are here, H.R. 3347, the Educational Performance Agreements for School Restructuring Act.

In general terms this legislation is a pact between the Federal Government and the states and local school districts. It is a trade. It improves student performances locally for fewer restrictions from the Federal and state levels, particularly on the use of Federal and state education dollars.

Local educators would have far greater control over how best to use those dollars to meet the particular educational needs of their students. Participation would be voluntary and would be based on a state commitment through challenge grants and planning money to assist in the process. There would be no cost to the Federal Government.

In addition, continued participation in the program would depend on the school's ability to improve student performance. If that worsens, all bets are off. The performance agreement would be cancelled.

Some people have worried that restructuring could endanger programs for disadvantaged children if local schools decided to siphon and divert Federal and state money now supporting these programs for other purposes.

Let me be very clear on that point. It will not happen. H.R. 3347 very specifically says that the civil rights of students in no way, shape or form may be abridged. The local flexibility provided by H.R. 3347 does not mean local ability to disregard or neglect any program for disadvantaged students. If anything, in fact, the effect would be the opposite.

As you will hear today, the local flexibility that it will provide would allow local schools to improve these critical programs, tailoring them to the specific needs of individual students.

One well-publicized example of that, thanks to the movie "Stand and Deliver," is the program at Garfield High School in East Los Angeles, California. There principal Maria Tostado and teacher Jaime Escalante have been using remedial education dollars for advanced calculus classes. In so doing they have broken Federal regulations, but they have also made it possible for an extraordinary number of poor hispanic students to receive college credit after taking the courses. In short, they are using the money to finish the job that all too often with our Federal money we only begin.

H.R. 3347 would allow all of our Garfield High Schools to pursue innovations like this without being forced to break the rules. We should be encouraging good education, not penalizing it.

In closing, let me say that H.R. 3347 is not written in concrete. I am sure that I speak for everyone involved when I say we are looking forward to working with all of you on both sides of the aisle and that side of the witness table and this to build a good, solid, enduring national policy connected to state policies that will genuinely meet the needs of our students in their future.

Right now we guarantee a free and a public education for the children of America, but that guarantee is meaningless if the education we provide is inadequate. I am convinced that if local educators are given more rein to teach, to educate, we will produce a public school system that will be second to none, benefitting both our children and the future of this nation.

Thank you.

[The prepared statement of Hon. Peter Smith follows:]

CONGRESSMAN PETER SMTIH

November 18, 1989
Subcommittee Hearing
H.R. 3347
Education Performance Agreements for School Restructuring Act

MR. CHAIRMAN,

FIRST AND FOREMOST, I WOULD LIKE TO THANK YOU FOR PROVIDING THIS HEARING ON MY SCHOOL RESTRUCTURING BILL. EQUALLY, I WOULD VERY MUCH LIKE TO THANK OUR GUESTS AND WITNESSES FOR BEING HERE TODAY. THEIR PARTICIPATION IS EXTREMELY IMPORTANT AS WE LEGISLATE IMPORTANT IDEAS INTO REALITY.

MR. CHAIRMAN, THERE'S A BIT OF SAGE ADVICE THAT VERMONTERS ABIDE BY, AND THAT IS, "IF IT AIN'T BROKE, DON'T FIX IT." WELL, SOMETHING IS "BROKE" WITHIN OUR PUBLIC ELEMENTARY AND SECONDARY SCHOOL SYSTEM, AND THERE ARE VERY FEW EDUCATORS AND PARENTS WHO HAVE NOT REALIZED THAT. GENERAL STUDENT PERFORMANCES HAVE BEEN FALLING AS SCHOOLS AND TEACHERS STRUGGLE WITHIN A STRAIGHTJACKET OF STATE AND FEDERAL RULES, REGULATIONS AND CENTRALIZATION.

THE IDEA OF RESTRUCTURING SCHOOLS TO IMPROVE EDUCATION IS NOT NEW, BUT SO FAR WE HAVE BEEN UNABLE TO COMBINE THE POLITICAL WILL WITH THE RIGHT IDEA TO AFFECT POLICY AND PRACTICE ON THE NATIONAL LEVEL. FORTUNATELY, SOME SCHOOL SYSTEMS HAVE NOT WAITED FOR A NATIONAL PARTNERSHIP -- WE KNOW ABOUT MIAMI, ABOUT PITTSBURGH. NOR HAVE SOME STATES WAITED, NOTABLY NORTH CAROLINA WITH ITS STATE RESTRUCTURING BILL AND MY OWN VERMONT, WHICH INITIATED A LOCAL CHALLENGE GRANT PROGRAM TO PROMOTE IMPROVED SCHOOL PERFORMANCE.

MOST RECENTLY, THE CONCEPT OF RESTRUCTURING SPILLED INTO THE POLITICAL AND PUBLIC ARENA AS A RESULT OF THE HISTORIC EDUCATION SUMMIT BETWEEN THE PRESIDENT AND OUR NATION'S GOVERNORS. THE SUMMIT, AND THE ATTENTION IT COMMANDED, HAVE GIVEN US AN EXTRAORDINARY OPPORTUNITY HERE IN CONGRESS TO WORK WITH THE ADMINISTRATION AND THE GOVERNORS TOWARD A NATIONAL POLICY THAT WILL RESTRUCTURE OUR PUBLIC SCHOOL SYSTEM FOR THE BETTER.

THAT BRINGS ME TO THE REASON WE ARE HERE -- H.R. 3347, THE EDUCATIONAL PERFORMANCE AGREEMENTS FOR SCHOOL RESTRUCTURING ACT. IN VERY GENERAL TERMS, THIS LEGISLATION IS A PACT BETWEEN THE FEDERAL GOVERNMENT AND THE STATES AND LOCAL SCHOOL DISTRICTS. IT'S A TRADE: IMPROVED STUDENT PERFORMANCES LOCALLY FOR FEWER RESTRICTIONS FROM THE FEDERAL AND STATE LEVELS, PARTICULARLY ON THE USE OF FEDERAL AND STATE EDUCATION DOLLARS.

UNDER THE PROGRAM, LOCAL EDUCATORS WOULD HAVE FAR GREATER CONTROL OVER HOW BEST TO USE FEDERAL AND STATE DOLLARS TO MEET THE PARTICULAR EDUCATIONAL NEEDS OF THEIR STUDENTS. PARTICIPATION IN THE PROGRAM WOULD BE VOLUNTARY, AND WOULD BE BASED ON STATE CHALLENGE GRANTS. THERE WOULD BE NO COST TO THE FEDERAL GOVERNMENT. IN ADDITION, CONTINUED PARTICIPATION IN THE PROGRAM WOULD DEPEND ON THE SCHOOL'S ABILITY TO IMPROVE STUDENT PERFORMANCE. IF THAT WORSENED, ALL BETS WOULD BE OFF; THE EDUCATIONAL PERFORMANCE AGREEMENT WOULD BE CANCELLED.

FOR YEARS, MANY EDUCATORS ACROSS THIS COUNTRY HAVE CONTENDED THAT QUALITY EDUCATION HAS SUFFERED AS GOVERNMENT RULES AND REGULATIONS HAVE STIFFENED. EVEN IN CASES WHERE FEDERAL RULES HAVE BEEN FAIRLY RELAXED AND BROAD, EDUCATORS HAVE OFTEN HAD TO DEAL

WITH MORE RESTRICTIVE STATE AND LOCAL INTERPRETATIONS OF THOSE RULES. H.R. 3347 WAS CONCEIVED AND WRITTEN IN DIRECT RESPONSE TO THAT PROBLEM. AND IT IS OFFERED AS BOTH A SOLUTION AND A CHALLENGE, BECAUSE IT BASICALLY SAYS TO OUR EDUCATORS, IF YOU CAN DO BETTER WITH FEWER RULES AND REGULATIONS, PROVE IT.

SOME PEOPLE HAVE WORRIED THAT RESTRUCTURING COULD ENDANGER PROGRAMS FOR DISADVANTAGED CHILDREN IF LOCAL SCHOOLS DECIDED TO SIPHON AND DIVERT FEDERAL AND STATE MONEY NOW SUPPORTING THESE PROGRAMS FOR OTHER PURPOSES. LET ME BE VERY CLEAR ON THAT POINT: THAT WILL NOT HAPPEN. H.R. 3347 VERY SPECIFICALLY SAYS THAT THE CIVIL RIGHTS OF STUDENTS IN NO WAY, SHAPE OR FORM CAN BE ABRIDGED. THE LOCAL FLEXIBILITY PROVIDED BY H.R. 3347 DOES <u>NOT</u> MEAN LOCAL ABILITY TO DISREGARD OR NEGLECT ANY PROGRAM FOR DISADVANTAGED STUDENTS. IF ANYTHING, IN FACT, THE EFFECT OF H.R. 3347 WOULD BE THE OPPOSITE. AS YOU WILL HEAR TODAY, THE LOCAL FLEXIBILITY IT PROVIDES COULD ALLOW LOCAL SCHOOLS TO IMPROVE THESE CRITICAL PROGRAMS, TAILORING THEM TO THE SPECIFIC NEEDS OF INDIVIDUAL STUDENTS.

ONE WELL-PUBLICIZED EXAMPLE OF THAT, THANKS TO THE MOVIE "STAND AND DELIVER," IS THE PROGRAM AT GARFIELD HIGH SCHOOL IN EAST LOS ANGELES. THERE, PRINCIPAL MARIA TOSTADO AND TEACHER JAIME ESCALANTE HAVE BEEN USING REMEDIAL EDUCATION DOLLARS FOR ADVANCED CALCULUS CLASSES. IN DOING SO, THEY HAVE BROKEN FEDERAL REGULATIONS. BUT THEY'VE ALSO MADE IT POSSIBLE FOR AN AMAZING NUMBER OF POOR HISPANIC STUDENTS TO RECEIVE COLLEGE CREDIT AFTER TAKING THE COURSES. IN SHORT, THEY'RE USING THE MONEY TO FINISH THE JOB THAT, ALL TOO OFTEN, WE ONLY START.

H.R. 3347 WOULD ALLOW ALL OUR GARFIELD HIGHS TO PURSUE SUCH INNOVATIONS WITHOUT BEING FORCED TO BREAK THE RULES. WE SHOULD BE ENCOURAGING GOOD EDUCATION, NOT PENALIZING IT.

H.R. 3347 WAS NOT WRITTEN IN CONCRETE. I'M SURE THAT I SPEAK FOR EVERYONE INVOLVED WHEN I SAY WE ARE LOOKING FORWARD TO WORKING WITH ALL OF YOU TO BUILD A GOOD, SOLID NATIONAL POLICY THAT WILL GENUINELY MEET THE NEEDS OF OUR STUDENTS AND THEIR FUTURE.

RIGHT NOW, WE GUARANTEE A FREE AND PUBLIC EDUCATION FOR THE CHILDREN OF AMERICA. BUT THAT GUARANTEE IS MEANINGLESS IF THE EDUCATION WE PROVIDE IS INADEQUATE. I AM CONVINCED THAT IF LOCAL EDUCATORS ARE GIVEN MORE REIN TO TEACH, TO EDUCATE, WE WILL PRODUCE A PUBLIC SCHOOL SYSTEM THAT WILL BE SECOND TO NONE, BENEFITTING BOTH OUR CHILDREN AND THE FUTURE OF THIS NATION.

THANK YOU.

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VERMONT CONGRESSMAN

PETER SMITH

CONGRESSMAN PETER SMITH

November 16, 1989
Subcommittee Hearing
H.R. 3347
Education Performance Agreements for School Restructuring Act

MR. CHAIRMAN,

FIRST AND FOREMOST, I WOULD LIKE TO THANK YOU FOR PROVIDING THIS HEARING ON MY SCHOOL RESTRUCTURING BILL. EQUALLY, I WOULD VERY MUCH LIKE TO THANK OUR GUESTS AND WITNESSES FOR BEING HERE TODAY. THEIR PARTICIPATION IS EXTREMELY IMPORTANT AS WE LEGISLATE IMPORTANT IDEAS INTO REALITY.

MR. CHAIRMAN, THERE'S A BIT OF SAGE ADVICE THAT VERMONTERS ABIDE BY, AND THAT IS, "IF IT AIN'T BROKE, DON'T FIX IT." WELL, SOMETHING IS "BROKE" WITHIN OUR PUBLIC ELEMENTARY AND SECONDARY SCHOOL SYSTEM, AND THERE ARE VERY FEW EDUCATORS AND PARENTS WHO HAVE NOT REALIZED THAT. GENERAL STUDENT PERFORMANCES HAVE BEEN FALLING AS SCHOOLS AND TEACHERS STRUGGLE WITHIN A STRAIGHTJACKET OF STATE AND FEDERAL RULES, REGULATIONS AND CENTRALIZATION.

THE IDEA OF RESTRUCTURING SCHOOLS TO IMPROVE EDUCATION IS NOT NEW, BUT SO FAR WE HAVE BEEN UNABLE TO COMBINE THE POLITICAL WILL WITH THE RIGHT IDEA TO AFFECT POLICY AND PRACTICE ON THE NATIONAL LEVEL. FORTUNATELY, SOME SCHOOL SYSTEMS HAVE NOT WAITED FOR A NATIONAL PARTNERSHIP -- WE KNOW ABOUT MIAMI, ABOUT PITTSBURGH. NOR HAVE SOME STATES WAITED, NOTABLY NORTH CAROLINA WITH ITS STATE RESTRUCTURING BILL AND MY OWN VERMONT, WHICH INITIATED A LOCAL CHALLENGE GRANT PROGRAM TO PROMOTE IMPROVED SCHOOL PERFORMANCE.

MOST RECENTLY, THE CONCEPT OF RESTRUCTURING SPILLED INTO THE POLITICAL AND PUBLIC ARENA AS A RESULT OF THE HISTORIC EDUCATION SUMMIT BETWEEN THE PRESIDENT AND OUR NATION'S GOVERNORS. THE SUMMIT, AND THE ATTENTION IT COMMANDED, HAVE GIVEN US AN EXTRAORDINARY OPPORTUNITY HERE IN CONGRESS TO WORK WITH THE ADMINISTRATION AND THE GOVERNORS TOWARD A NATIONAL POLICY THAT WILL RESTRUCTURE OUR PUBLIC SCHOOL SYSTEM FOR THE BETTER.

THAT BRINGS ME TO THE REASON WE ARE HERE -- H.R. 3347, THE EDUCATIONAL PERFORMANCE AGREEMENTS FOR SCHOOL RESTRUCTURING ACT. IN VERY GENERAL TERMS, THIS LEGISLATION IS A PACT BETWEEN THE FEDERAL GOVERNMENT AND THE STATES AND LOCAL SCHOOL DISTRICTS. IT'S A TRADE: IMPROVED STUDENT PERFORMANCES LOCALLY FOR FEWER RESTRICTIONS FROM THE FEDERAL AND STATE LEVELS, PARTICULARLY ON THE USE OF FEDERAL AND STATE EDUCATION DOLLARS.

UNDER THE PROGRAM, LOCAL EDUCATORS WOULD HAVE FAR GREATER CONTROL OVER HOW BEST TO USE FEDERAL AND STATE DOLLARS TO MEET THE PARTICULAR EDUCATIONAL NEEDS OF THEIR STUDENTS. PARTICIPATION IN THE PROGRAM WOULD BE VOLUNTARY, AND WOULD BE BASED ON STATE CHALLENGE GRANTS. THERE WOULD BE NO COST TO THE FEDERAL GOVERNMENT. IN ADDITION, CONTINUED PARTICIPATION IN THE PROGRAM WOULD DEPEND ON THE SCHOOL'S ABILITY TO IMPROVE STUDENT PERFORMANCE. IF THAT WORSENED, ALL BETS WOULD BE OFF; THE EDUCATIONAL PERFORMANCE AGREEMENT WOULD BE CANCELLED.

FOR YEARS, MANY EDUCATORS ACROSS THIS COUNTRY HAVE CONTENDED THAT QUALITY EDUCATION HAS SUFFERED AS GOVERNMENT RULES AND REGULATIONS HAVE STIFFENED. EVEN IN CASES WHERE FEDERAL RULES HAVE BEEN FAIRLY RELAXED AND BROAD, EDUCATORS HAVE OFTEN HAD TO DEAL WITH MORE RESTRICTIVE STATE AND LOCAL INTERPRETATIONS OF THOSE RULES. H.R. 3347 WAS CONCEIVED AND WRITTEN IN DIRECT RESPONSE TO THAT PROBLEM. AND IT IS OFFERED AS BOTH A SOLUTION AND A CHALLENGE, BECAUSE IT BASICALLY SAYS TO OUR EDUCATORS, IF YOU CAN DO BETTER WITH FEWER RULES AND REGULATIONS, PROVE IT.

SOME PEOPLE HAVE WORRIED THAT RESTRUCTURING COULD ENDANGER PROGRAMS FOR DISADVANTAGED CHILDREN IF LOCAL SCHOOLS DECIDED TO SIPHON AND DIVERT FEDERAL AND STATE MONEY NOW SUPPORTING THESE PROGRAMS FOR OTHER PURPOSES. LET ME BE VERY CLEAR ON THAT POINT: THAT WILL NOT HAPPEN. H.R. 3347 VERY SPECIFICALLY SAYS THAT THE CIVIL RIGHTS OF STUDENTS IN NO WAY, SHAPE OR FORM CAN BE ABRIDGED. THE LOCAL FLEXIBILITY PROVIDED BY H.R. 3347 DOES NOT MEAN LOCAL ABILITY TO DISREGARD OR NEGLECT ANY PROGRAM FOR DISADVANTAGED STUDENTS. IF ANYTHING, IN FACT, THE EFFECT OF H.R. 3347 WOULD BE THE OPPOSITE. AS YOU WILL HEAR TODAY, THE LOCAL FLEXIBILITY IT PROVIDES COULD ALLOW LOCAL SCHOOLS TO IMPROVE THESE CRITICAL PROGRAMS, TAILORING THEM TO THE SPECIFIC NEEDS OF INDIVIDUAL STUDENTS.

ONE WELL-PUBLICIZED EXAMPLE OF THAT, THANKS TO THE MOVIE "STAND AND DELIVER," IS THE PROGRAM AT GARFIELD HIGH SCHOOL IN EAST LOS ANGELES. THERE, PRINCIPAL MARIA TOSTADO AND TEACHER JAIME ESCALANTE HAVE BEEN USING REMEDIAL EDUCATION DOLLARS FOR ADVANCED CALCULUS CLASSES. IN DOING SO, THEY HAVE BROKEN FEDERAL REGULATIONS. BUT THEY'VE ALSO MADE IT POSSIBLE FOR AN AMAZING NUMBER OF POOR HISPANIC STUDENTS TO RECEIVE COLLEGE CREDIT AFTER TAKING THE COURSES. IN SHORT, THEY'RE USING THE MONEY TO FINISH THE JOB THAT, ALL TOO OFTEN, WE ONLY START.

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THANK YOU.

SUMMARY OF THE MAJOR PROVISIONS OF THE PETER SMITH (VT.)
EDUCATIONAL PERFORMANCE AGREEMENT
FOR SCHOOL RESTRUCTURING ACT
September 21, 1989

PURPOSE: To provide the opportunity to those states that dedicate sufficient funds to enter into educational performance agreements with local educational agencies and the Federal government. Such agreements would allow for the combining of programmatic funds and regulatory relief in return for enhanced performance.

AGREEMENTS: Educational Performance Agreements are negotiated at the local level through the participation of parents, business and community representatives, representatives of the private industry council (PIC) and school personnel and authorities. Agreements are for six years, the first of which comprises a planning year, and are jointly adopted at the local, state and Federal levels. Areas of high poverty rates or other indications of disadvantaged status shall be considered for such agreements on a priority basis.

CONTENTS OF AGREEMENTS: Subject to alternative regulations developed at the State and Federal level, the local educational agency can combine local, state and Federal funds, from programs relating to a broad base of education and youth services, in order to achieve improved student performance outcomes. Nothing in the agreement can be construed as removing any civil right or safety protection, or permitting diversion of funds for private use. The agreement must include performance outcomes for students that are higher than previously demonstrated, based on indices determined in the local negotiations. The funds available from the State to operate such agreements do not replace the programmatic funds but are to be used for such purposes as planning, developing performance goals, release time, technical assistance, monitoring, and evaluation.

TERMINATION OF AGREEMENT: If for any of 2 of the first 3 years of the project, the performance outcomes worsen, the negotiated agreement is nullified and the alternative regulations are no longer effective.

EVALUATION: Each project will be evaluated not less than once annually. Such evaluations shall be forwarded to the State and Secretary. The Secretary is to provide Congress with interim reports, and has the authority to utilize funds available to the Department for a final, independent evaluation, to be made within one year after the expiration of the Act.

THE WASHINGTON POST WEDNESDAY, NOVEMBER 8, 1989 A21

THE FEDERAL PAGE

When Innovation Breaks the Rules: Education Funds for Disadvantaged

By Kenneth J. Cooper
Washington Post Staff Writer

Maria Tostado, principal of Garfield High School in East Los Angeles, knows her math department is flouting federal regulations by spending remedial education funds for advanced calculus classes. She doesn't care.

Extraordinary numbers of poor Hispanic students at Garfield have received college credit after taking the advanced courses, and a movie chronicling their achievements, "Stand and Deliver," has made Jaime Escalante, their teacher, a national celebrity.

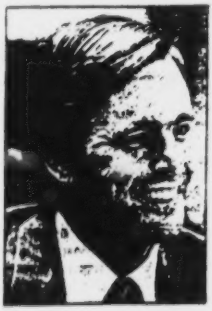
But there is little doubt the program violates a federal rule that restricts Chapter 1 funding to remedial efforts for disadvantaged students. At Garfield, the funds pay for a teacher's aide who grades the papers of 180 calculus students and a clerk who handles Escalante's numerous phone calls and schedules his speaking appearances, among other duties.

"Obviously, calculus is not bringing them up to grade level," said Tostado. "The state is auditing us this year, and I'm sure we'll be cited on both these counts."

It was precisely these kinds of problems that prompted President Bush and the nation's governors to vow at their education summit in September to loosen regulations they contend choke the creativity of local educators and undercut the effectiveness of federal education programs. "In a phrase, we want to sweep red tape for results," Bush and the governors said in their joint statement at the Charlottesville meeting.

Rep. Peter Smith (R-Vt.), sponsor of a bill that would eliminate some of the rules, said he believes the threat of federal sanctions inhibits educators who are not as bold as Escalante and Tostado. "If somebody has a good idea, people will say 'You can't do that.' It is a tremendous obstacle to change," Smith said.

Most federal funding for elementary and secondary education is targeted to categories of disadvantaged students who are poor, handicapped, bilingual or taking vocational courses. The regulations stipulate that the money must be spent to address the educational needs of the specific group.



"If somebody has a good idea, people will say 'You can't do that.' It is a tremendous obstacle to change."

—Rep. Peter Smith

"I'd say literally every program is a potential target for reform," said Education Undersecretary Ted Sanders, who chaired a session at the summit on revising regulations.

Sanders said the goal of the department is not to create block grants without strings. Any changes would involve either rewriting federal rules to emphasize results or instituting a system of waivers that would be granted in exchange for promises of higher achievement. He said department officials hope to have some proposals along these lines next year.

Smith's bill takes the waiver approach. It would allow school districts to combine the categorical funds and use them for new programs under six-year agreements that would set a timetable for improving student performance. If students did worse on the stated goals in two of the first three years, the agreement would be canceled.

Not everyone in Congress thinks deregulating education is a good idea.

An emerging critic is Rep. Augustus F. Hawkins (D-Calif.), chairman of the House Education and Labor Committee. In a letter to Bush last month, Hawkins urged caution and took issue with two of the three examples the summit statement cited as regulatory obstacles to better education.

Hawkins said Bush and the governors were "completely in error" when they said federal rules require special education and Chapter 1 students to be taught outside regular classrooms. Hawkins said another example cited at the summit, that vocational education funds are divided among too many categories of students, did not take into account a bill the House passed in May that would simplify the funding formula. He did not challenge a third criticism that computers purchased with Chapter 1 funds cannot be used for adult education.

"Mr. Hawkins is very skeptical of deregulation," an aide said. "He thinks it will lead to less emphasis on the poor, less emphasis on the cities, less accountability."

Fears that looser regulation could result in neglect of disadvantaged students may prove a major obstacle. Sanders and Smith have tried to reassure critics that they are not trying to use funds for the disadvantaged to accomplish general education goals.

"Those results would have to focus on the kids those programs are designed to serve. I understand that apprehension," said Sanders, a former state education commissioner in Illinois and Nevada.

At the Children's Defense Fund, usually a strong advocate of federal regulation to protect disadvantaged children, frustration with Chapter 1 has extended fears about looser rules. The group surprised the education summit by supporting, rehand federal rules, but only if accompanied by specific goals to close the achievement gaps between rich and poor, and minority and white students.

The Education Performance Agreement

BY PETER SMITH

Don't look now, America. But your schools may finally change for the better. After 30 years of false starts, grand claims, hand wringing and mixed signals, it looks as if we are at last going to do the one thing we haven't done before: treat communities, parents, teachers, principals and school boards as if they were important in the process of improving education for all children in America.

Since the Russians first shocked us towards action with the launching of Sputnik in 1957, America's schools have endured a series of false starts aimed at reforming and rejuvenating a public education system that was unresponsive to the needs of the times. The approach to reform has been short term, urgent, intense and almost without exception, predicated on the notion that schools could be fixed from above.

It's been almost 30 years since Sputnik. And still the debate about education reform continues. But there is a difference this time. We are in the sixth year of a reform movement that has been building in its focus and intensity steadily since the 1983 report, "A Nation At Risk."

It is a national policy that understands that until we improve the quality of work life in our public schools for teachers and administrators, we cannot possibly improve the learning life for the students who go there every day. It is a policy which says we should respect parents, community people and school workers so much that we ask them how they would like to restructure their schools in order to produce higher and better results for each and every student in their schools.

Just what are the stakes in this latest debate about excellence in America's schools? Many of us believe that the ability to deliver a distinctively better and more appropriate public education for every American youngster is the leading national security issue of the 21st century.

Ten years ago we could talk about improving our schools. But now, because of a changing demography, changing family structure, changing skills needed in the work force, and a changing global economy, we need to not only do a better job, but a different job for our children. Amidst a rate of change that mocks our traditional notion of skill development when preparing children for the work force of the future, our demography as a nation and the background of young people entering kindergarten is changing radically.

For example an increasing percentage of our youngsters comes from disadvantaged households. They are children who historically have not prospered in our educational institutions, specifically the rural poor and ethnic minorities. This means that, for the first time in our history, the consequences of failing to educate all of our children well and appropriately will directly affect our social, civic and economic capacity in the years ahead.

We face the possibility of a two-tiered economic structure that locks out those whom our schools have failed to serve. We face the possibility of businesses having to either export the good jobs they create or import skilled workers from other countries to do those jobs: not because we have been out-innovated but because we have failed to train and educate our children for the future.

The national policy which allows us to deliver the education they need relies on the extraordinary diversity which is the hallmark of American culture. Recently presented in the report, "To Secure our Future," published by the National Center For Education and the Economy, the policy will encourage individual schools or school districts to restructure their operations -- curriculum, staffing pattern, calendar and more -- to achieve higher and better performance for their students.

The national policy which allows us to deliver the education they need relies on the extraordinary diversity which is the hallmark of American culture.

At the heart, this national policy would create an all-important trade in which the participating school district would commit to higher academic achievement in return for flexibility in dealing with federal and state regulations. In short, it's a trade of professional freedom for accountability.

The trade would be represented in a contract, the Educational Performance Agreement, which would be accepted by the local, state and federal participants. Drawn by an integrated local planning team with the resources and time to do the job well, the contract would lay out a multi-year plan for restructuring and higher achievement, including the performance expected and measurements to be undertaken.

It is important to know that, while regulations may be waived in this process, the law will not be abrogated.

Over the longer term, as models for restructuring our public schools for excellence blossoms around the country, the Department of Education would be engaged in research and development

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Peter Smith is a member of Congress from Vermont and a member of the Ripon Congressional Advisory Board.

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mise, when the federal budget is constrained in such areas as public housing."

Moreover, how can the GOP hope to recruit more minority voters when its "southern strategy," which has been in place since Richard Nixon's 1968 campaign, is primarily aimed at recruiting alienated white voters? And "alienated" means lower and middle class white male voters who predominantly opposed the social and racial changes of the last 20 years.

As the Bush administration tries to return the party of Lincoln to its commitment to civil rights, McClure and his colleagues are attempting to put into place private sector solutions for public problems.

Consider also the problem of the Republican National Committee. There are no blacks among its 153 voting members. As GOP rules expert Lee Auspitz wrote recently: "As long as the [RNC] is still structured as a confederation of state parties, it cannot offer equality of opportunity to minorities."

That is an essential question the Republican Party must face. While Fred McClure serves as a reminder that minorities can find a home in the GOP, the Republican Party faces a formidable task in broadening its base. Perhaps as the Bush administration tries to return the party of Lincoln back to its commitment to civil rights, and McClure and his colleagues attempt to put into place private sector solutions for public problems, the administration may have its most important task defined. ■

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work to cull the results and make recommendations about the most promising practices to surface. Schools would be expected to compete for a limited number of Educational Performance Agreement opportunities within each state or each region. By making this program an attractive alternative as opposed to a requirement, it is our feeling that the effort and the results will be more enthusiastic and effective.

The Educational Performance Agreement assumes that if we give schools, the people who work in them and their extended communities what we have never given them before -- the time and the resources to plan and think -- they will be able to create a school environment that fosters the type of educational excellence critical to our children's future and to the future of our nation.

More than five years in its development, reviewed favorably by groups ranging from the National Governors' Association to the education commission of the states to numerous professional groups, supported by first the Carnegie Corporation of New York and now the State of New York and the Rockefeller Foundation, the Educational Performance Agreement concept is ready for its maiden voyage in the Congress this year.

As the House Education and Labor Committee struggles with the questions of school excellence raised by President Bush, this concept and the work which lies behind it will play a major role in the policy discussions which occur.

For more information about this idea, please contact either my office at: 1020 Longworth House Office Building, Washington D.C. 20515 or the National Center on Education and the Economy at 39 State Street, Suite 500, Rochester, New York 14614. ■

What's Ahead in the *Ripon Forum*:

- Interviews with Leading Republicans
- A Defense for the '90s
- Who's Who in the Bush Administration
- How to Resolve Environmental Conflicts

In Memoriam: Walter N. Thayer

BY LEE W. HUEBNER AND THOMAS E. PETRI

Walter N. Thayer, a great friend of the Ripon Society, died at 78 in March. At Ripon's inception in the early '60s, when our small political research group was looking for a way to be heard, the advice we received on virtually every hand was "talk to Walter Thayer." And so we did. And like so many who went to Walter Thayer through the years, we came away bright with excitement. For he listened to us. He took us seriously. And he made things happen.

From 1952, when he became legal advisor to Citizens for Eisenhower, until his death, Walter Thayer was a pivotal figure in the effort to make what President Eisenhower called "modern Republicanism" a continuing political force. He helped organize the Republican Citizens Committee, and he strongly supported the campaigns of Nelson Rockefeller, Jacob Javits and John Lindsay. He also was an adviser to President Richard Nixon, and, in the beginning, he, along with John Hay Whitney and William Coolidge, enabled the Ripon Society to establish and maintain its financial viability. Thayer knew how to raise money and, just as importantly, he knew how to organize and inspire and lead. Over a 20-year span he was instrumental in raising hundreds of thousands of dollars for Ripon.

Walter Thayer not only made things happen, he made them happen well. One of the sources of Walter 's mystique was that he could extend his energies across many fields without ever losing his unfaltering sense of command. His self-discipline was part of his secret. He seemed to have a system for everything; he abhorred loose ends. He wanted things buttoned up properly, he would say, the first time around.

Walter Thayer set the highest standards for himself and then met the standards he set. We shall miss his advice and his help, but we will continue to be inspired by his example. ■

Lee W. Huebner is publisher of the International Herald Tribune and Thomas E. Petri is a member of Congress from Wisconsin. Both were original members of the Ripon Society.

GENERAL ASSEMBLY OF NORTH CAROLINA
1989 SESSION
RATIFIED BILL

CHAPTER 778
SENATE BILL 2

AN ACT TO APPROPRIATE FUNDS FOR THE IMPLEMENTATION OF THE SCHOOL IMPROVEMENT AND ACCOUNTABILITY ACT OF 1989.

The General Assembly of North Carolina enacts:

Section 1. Title of Act. -- This act may be referred to as the 'School Improvement and Accountability Act of 1989."

Sec. 2. Legislative Intent. -- It is the intent of the General Assembly that this act be implemented with a minimum of regulations.

Sec. 3. Performance-based Accountability Program. -- Article 16 of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 4. Performance-based Accountability Program.

"§ 115C-238.1. Performance-based Accountability Program; development and implementation by State Board.

The State Board of Education shall develop and implement a Performance-based Accountability Program. The primary goal of the Program shall be to improve student performance. The State Board of Education shall adopt:

(1) Procedures and guidelines through which, beginning with the 1990-91 fiscal year, local school administrative units may participate in the Program;

(2) Guidelines for developing local school improvement plans with three-to-five year student performance goals and annual milestones to measure progress in meeting those goals; and

(3) A set of student performance indicators for measuring and assessing student performance in the participating local school administrative units. These indicators may include attendance rates, dropout rates, test scores, parent involvement, and post-secondary outcomes.

"§ 115C-238.2. Local participation in the Program voluntary; the benefits of local participation.

(a) Local school administrative units may, but are not required to, participate in the Performance-based Accountability Program.

(b) Local school administrative units that participate in the Performance-based Accountability Program:

(1) Are exempt from State requirements to submit reports and plans, other than local school improvement plans, to the Department of Public Education; they are not exempt from federal requirements to submit reports and plans to the Department.

(2) Are subject to the performance standards but not the opportunity standards or the staffing ratios of the State Accreditation Program. The performance standards in the State Accreditation Program.

These tests shall be designed to measure progress toward selected competencies, especially core academic competencies, described in the Standard Course of Study for appropriate grade levels. With regard to students who are identified as not demonstrating satisfactory academic progress, end-of-course and end-of-grade test results shall be used in developing strategies and plans for assisting those students in achieving satisfactory academic progress."

Sec. 5. Testing for Comparisons of Student Achievement. -- Effective July 1, 1992, G.S. 115C-174.11(a) reads as rewritten:

"(a) Annual Testing Program. ~~In order to assess the effectiveness of the educational process, and to ensure that each pupil receives the maximum educational benefit from the educational process, the State Board of Education shall implement an annual statewide testing program in basic subjects. It is the purpose of this testing program to help local school systems and teachers identify and correct student needs in basic skills rather than to provide a tool for comparison of individual students or to evaluate teacher performance. The annual testing program shall be conducted each school year for the third, sixth and eighth grades. Students in these grade levels who are enrolled in special education programs or who have been officially designated as eligible for participation in such programs may be excluded from the testing program if special testing procedures are required for testing such students. The State Board of Education shall select annually the type or types of tests to be used in the testing program.~~

The State Board of Education shall ~~also~~ adopt and provide to the local school administrative units developmentally appropriate individualized assessment instruments consistent with the Basic Education Program for the first and second grades, rather than standardized tests. Local school administrative units may use these assessment instruments provided to them by the State Board for first and second grade students, and shall not use standardized tests. The State Board of Education shall report to the Joint Legislative Commission on Governmental Operations prior to May 1, 1988, and to the Senate and House Appropriations Committees on Education prior to March 1, 1989, on the assessment instruments it develops.

If the State Board of Education finds that testing in grades other than the first and second grade is necessary to allow comparisons with national indicators of student achievement, that testing shall be conducted with the smallest size sample of students necessary to assure valid comparisons with other states."

Sec. 6. Annual Report Cards for Schools. -- G.S. 115C-12(9) reads as rewritten:

"(9) Miscellaneous Powers and Duties. -- All the powers and duties exercised by the State Board of Education shall be in conformity with the Constitution and subject to such laws as may be enacted from time to time by the General Assembly. Among such duties are:

a. To certify and regulate the grade and salary of teachers and other school employees.

b. To adopt and supply textbooks.

c. To adopt rules requiring all local boards of education to implement the Basic Education Program on an incremental basis within funds appropriated for that purpose by the General Assembly and by units of local government.

The Board shall develop a State accreditation program that meets or exceeds the standards and requirements of the Basic Education Program. The Board shall require each local school administrative unit to comply with the State

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modified to reflect the results of end-of-course and end-of-grade tests, may serve as the basis for developing the student performance indicators adopted by the State Board of Education pursuant to G.S. 115C-238.1.

(3) May receive funds for differentiated pay for teachers and administrators, in accordance with G.S. 115C-238.4, if they elect to participate in a differentiated pay plan.

(4) May be allowed increased flexibility in the expenditure of State funds, in accordance with G.S. 115C-238.5.

(5) May be granted waivers of certain State laws, regulations, and policies that inhibit their ability to reach local accountability goals, in accordance with G.S. 115C-238.6(a).

(6) Shall continue to use the Teacher Performance Appraisal Instrument (TPAI) for evaluating beginning teachers during the first three years of their employment; they may, however, develop other evaluation approaches for teachers who have attained career status.

"**§ 115C-238.3. Elements of local plans.**

(a) The board of education of a local school administrative unit that elects to participate in the Program shall submit a local school improvement plan to the State Superintendent of Public Instruction before April 15 of the fiscal year preceding the fiscal year in which participation is sought. The local board of education shall actively involve a substantial number of teachers, school administrators, and other school staff in developing the local school improvement plan.

(b) The local school improvement plan shall set forth (i) the student performance goals established by the local board of education for the local school administrative unit and (ii) the unit's strategies and plans for attaining them.

The performance goals for the local school administrative unit shall address specific, measurable goals for all student performance indicators adopted by the State Board. Factors that determine gains in achievement vary from school to school; therefore, socioeconomic factors and previous student performance indicators shall be used as the basis of the local school improvement plan.

The strategies for attaining the local student performance goals shall be based on plans for each individual school in the local school administrative unit. The principal of each school and his staff shall develop a plan to address student performance goals appropriate to the school from those established by the local board of education.

(c) The local school administrative unit shall consider a plan for differentiated pay. The local plan shall include a plan for differentiated pay, in accordance with G.S. 115C-238.4, unless the local school administrative unit elects not to participate in any differentiated pay plan.

(d) The local plan may include a request for a waiver of State laws, regulations, or policies. The request for a waiver shall identify the State laws, regulations, or policies that inhibit the local unit's ability to reach its local accountability goals and shall explain how a waiver of those laws, regulations, or policies will permit the local unit to reach its local goals.

"**§ 115C-238.4. Differentiated pay.**

(a) Local school administrative units may include, but are not required to include, a differentiated pay plan for certified instructional staff, certified instructional support staff, and certified administrative staff as a part of their local school improvement plans. Units electing to include differentiated pay plans in their school improvement plans shall base their differentiated pay plans on:

(1) The Career Development Pilot Program, G.S. 115C-363 **et seq.**;

(2) The Lead Teacher Pilot Program, G.S. 115C-363.28 **et seq.**;

(3) A locally designed school-based performance program, subject to limitations and guidelines adopted by the State Board of Education;

(4) A differentiated pay plan that the State Board of Education finds has been successfully implemented in another state; or

(5) A locally designed plan including any combination or modification of the foregoing plans.

(b) Support among affected staff members is essential to successful implementation of a differentiated pay plan; therefore, a local board of education that decides that a differentiated pay plan should be included in its local school improvement plan shall present a proposed differentiated pay plan to affected staff members for their review and vote. The vote shall be by secret ballot. The local board of education shall include the proposed differentiated pay plan in its local school improvement plan only if the proposed plan has the approval of a majority of the affected paid certificated instructional and instructional support staff and a majority of the affected certificated administrators.

Every three years after a differentiated pay plan receives such approval, the local board of education shall present a proposed plan to continue, discontinue, or modify that differentiated pay plan to affected staff members for their review and vote. The vote shall be by secret ballot. The local board of education shall include the proposed plan in its local school improvement plan only if the proposed plan has the approval of a majority of the affected paid certificated instructional and instructional support staff and a majority of the affected certificated administrators.

(c) Local school administrative units electing to participate in a differentiated pay plan shall receive State funds according to the terms of the plan but not to exceed:

(1) 1990-91: two percent (2%) of teacher and administrator salaries, and the employer's contributions for social security and retirement;

(2) 1991-92: three percent (3%) of teacher and administrator salaries, and the employer's contributions for social security and retirement;

(3) 1992-93: four percent (4%) of teacher and administrator salaries, and the employer's contributions for social security and retirement; and

(4) 1993-94 and thereafter: seven percent (7%) of teacher and administrator salaries, and the employer's contributions for social security and retirement.

Any differentiated pay plan developed in accordance with this section shall be implemented within State and local funds available for differentiated pay.

(d) Attainment of the equivalent of Career Status I shall be rewarded through a new salary schedule that provides a salary differential when a certified educator successfully completes his probationary period.

(e) Any additional compensation received by an employee as a result of the unit's participation in the Program shall be paid as a bonus or supplement to the employee's regular salary. If an employee in a participating unit does not receive additional compensation, such failure to receive additional compensation shall not be construed as a demotion, as that term is used in G.S. 115C-325.

"**§ 115C-238.5. Flexible funding.**

For fiscal years beginning with the 1990-91 fiscal year, the State Board of Education, only upon the recommendation of the State Superintendent, shall increase flexibility in the use of State funds for schools by combining into a single funding category the existing categories for instructional materials, supplies and equipment, textbooks, testing support, and drivers education except for funds for classroom teachers of drivers education. Only local school administrative units electing to

participate in the Performance-based Accountability Program shall be eligible to receive this flexible funding.

Local boards of education shall provide maximum flexibility in the use of funds to individual schools to enable them to accomplish their individual schools' goals.

"**§ 115C-238.6. Approval of local school administrative unit plans by the State Superintendent; conditions for continued participation.**

(a) Prior to June 30 each year, the State Superintendent shall review local school improvement plans submitted by the local school administrative units in accordance with policies and performance indicators adopted by the State Board of Education. If the State Superintendent approves the plan for a local school administrative unit, that unit shall participate in the Program for the next fiscal year.

If a local plan contains a request for a waiver of State laws, regulations, or policies, in accordance with G.S. 115C-238.3(e), the State Superintendent shall determine whether and to what extent the identified laws, regulations, or policies should be waived. The State Superintendent shall present that plan and his determination to the State Board of Education. If the State Board of Education deems it necessary to do so to enable a local unit to reach its local accountability goals, the State Board, only upon the recommendation of the State Superintendent, may grant waivers of:

(1) State laws pertaining to class size, teacher certification, assignment of teacher assistants, the use of State-adopted textbooks, and the purposes for which State funds for the public schools may be used, and

(2) All State regulations and policies, except those pertaining to State salary schedules and employee benefits for school employees, the instructional program that must be offered under the Basic Education Program, the system of employment for public school teachers and administrators set out in G.S. 115C-325, health and safety codes, compulsory school attendance, the minimum lengths of the school day and year, and the Uniform Education Reporting System.

(b) Local school administrative units shall continue to participate in the Program and receive funds for differentiated pay, if their local plans call for differentiated pay, so long as (i) they demonstrate satisfactory progress toward student performance goals set out in their local school improvement plans; or (ii) once their local goals are met, they continue to achieve their local goals and they otherwise demonstrate satisfactory performance, as determined by the State Superintendent in accordance with guidelines set by the State Board of Education.

If the local school administrative units do not achieve their goals after two years, the Department of Public Instruction shall provide them with technical assistance to help them meet their goals. If after one additional year they do not achieve their goals, the State Board of Education shall decide what steps shall be taken to improve the education of students in the unit."

Sec. 4. End-of-course and End-of-grade Tests. -- G.S. 115C-174.11(c) reads as rewritten:

~~"(c) Competency-Based Curriculum Testing. -- In order to provide achievement information and educational accountability as part of the Basic Education Program, the State Board of Education may acquire, in the most cost-efficient manner, achievement tests and test information to evaluate achievement in those grades and courses as specified in the Basic Education Program. Information from these tests may be used as one criterion by teachers and local school personnel in arriving at student grades and in making administrative decisions.~~

(c) End-of-course and End-of-grade Tests. -- The State Board of Education shall adopt a system of end-of-course and end-of-grade tests for grades three through 12

accreditation program to the extent that funds have been made available to the local school administrative unit for implementation of the Basic Education Program.

The Board shall use the State accreditation program to monitor the implementation of the Basic Education Program.

c1. To issue an annual 'report card' for the State and for each local school administrative unit, assessing each unit's efforts to improve student performance and taking into account progress over the previous years' level of performance and the State's performance in comparison with other states. This assessment shall take into account demographic, economic, and other factors that have been shown to affect student performance.

d. To formulate rules and regulations for the enforcement of the compulsory attendance law.

e. To manage and operate a system of insurance for public school property, as provided in Article 38 of this Chapter.

In making substantial policy changes in administration, curriculum, or programs the Board should conduct hearings throughout the regions of the State, whenever feasible, in order that the public may be heard regarding these matters."

Sec. 7. Existing Career Development and Lead Teacher Pilot Programs.

(a) Notwithstanding the provisions of Article 24B of Chapter 115C of the General Statutes, Article 24D of Chapter 115C of the General Statutes, or any other provision of law, funding for the career development pilot projects and the lead teacher pilot projects shall continue through the 1989-90 fiscal year; Provided, however, that any additional compensation received by an employee as a result of the unit's participation in the pilot program for the 1989-90 fiscal year and for subsequent fiscal years shall be paid as a bonus or supplement to the employee's regular salary.

Funding of these pilot projects shall continue for subsequent fiscal years only if the pilot units successfully submit local school improvement plans pursuant to the Performance-based Accountability Program, during the 1989-90 school year and during subsequent school years.

(b) Beginning with the 1993-94 fiscal year, the career development and the lead teacher pilot units shall receive only the amount of State funds available for school units participating in a differentiated pay plan pursuant to the School Improvement and Accountability Act of 1989; they shall receive no State funding as career development pilot units or lead teacher pilot units.

(c) The local school improvement plan for each career development pilot program shall include a schedule of modifications to the career development program. This schedule shall result in an incremental reduction or increase, as appropriate, in the amount of funds allocated for differentiated pay so that, for the 1993-94 fiscal year and subsequent fiscal years, the cost of the differentiated pay plan equals the amount of State and local funds available for differentiated pay for school units participating in differentiated pay plans pursuant to the School Improvement and Accountability Act of 1989.

(d) If an employee in a career development pilot unit is recommended for Career Status I or II and that status is approved by the local board of education prior to the beginning of the 1989-90 school year, the local board of education may pay that employee a bonus or supplement to his regular salary. For the 1989-90 fiscal year only, the local board of education may use any State or local funds available to it for the career development pilot program to pay these bonuses or supplements.

(e) Effective at the beginning of the 1989-90 school year, an employee may be considered for Career Status II no earlier than his third year in Career Status I; an employee may be considered for Career Status III no earlier than his third year in Career Status II.

(f) Any career ladder pilot project in a school unit that has resulted from a merger of school units, within the last calendar year preceding the effective date of this act, may be modified by the local school board, upon the recommendation of the State Superintendent of Public Instruction and with the approval of the State Board of Education. This modification shall require no more funds than allocated to the particular project by the State Board of Education from funds appropriated to the State Board of Education in Chapter 500 of the 1989 Session Laws, the Current Operations Appropriations Act of 1989.

Sec. 8. The Department of Public Education shall report prior to May 1, 1990, and annually thereafter, on the implementation of the School Improvement and Accountability Act of 1989, to the chairmen of the Senate and House of Representatives committees on education, appropriations, and appropriations on education.

Sec. 9. Nothing in this act shall be construed to obligate the General Assembly to appropriate any funds to implement the provisions of this act.

Sec. 10. This act is effective upon ratification.

In the General Assembly read three times and ratified this the 12th day of August, 1989.

JAMES C. GARDNER

James C. Gardner
President of the Senate

J. L. MAVRETIC

J. L. Mavretic
Speaker of the House of Representatives

Key Provisions of Senate Bill 2
1989 General Assembly

Prepared by Marian Stallings, NCAE Staff

I. Performance based Accountability Program
- A. Primary Goal—"to improve student performance"
- B. State Board role
  1. Develop procedures for voluntary local participation to begin 1990-91
  2. Develop guidelines which must include 3 to 5 year student performance goals and annual milestones to measure progress
  3. Identify student measures which may include attendance rates, dropout rates, test scores, parent involvement, post-secondary outcomes.
  4. May grant waivers upon recommendation of State Superintendent.

II. Benefits of Voluntary Local Participation
- A. Are exempt from state requirements to submit reports and plans.
- B. Are subject to performance standards but not opportunity standards or staffing ratios of State Accreditation Program.
- C. May receive funds for differentiated pay.
- D. May be allowed increased flexibility on spending state funds.
- E. May be granted waivers of laws, regulations, and policies that inhibit ability to reach goals.
- F. Shall use TPAI for evaluating beginning teachers during first 3 years of employment, may develop other approaches for teachers with career status.

III. Elements of Local Plans
- A. "Shall actively involve a substantial number of teachers, school administrators, and other school staff in developing the local school improvement plan."
- B. Shall include student performance goals and strategies to attain:
  1. Specific, measurable goals for all indicators adopted by State Board; socio-economic factors and previous performance shall be used.
  2. Strategies shall be based on plans for each school unit developed by principal and the staff in each school.
- [redacted] shall consider a plan for differentiated pay, but a unit may elect not to participate in the pay plan.
- D. May request waiver with explanation of how waiver of laws, regulations or policies will permit local unit to reach local goals.

IV. Differentiated Pay—Optional
- A. May include differentiated pay plan for all certified staff including administrators based on the following.
  1. Career Development Plan in GS115C-363.
  2. Lead Teacher Pilot Program in GS115C-363.28.
  3. Locally designed school-based performance plan subject to guidelines adopted by State Board.
  4. A differentiated pay plan that State Board finds has been successfully implemented in another state.
  5. Locally designed plan that combines or modifies the above items.
- B. Requires majority vote by secret ballot of "affected paid certificated instructional and instructional support staff and a majority of the affected certificated administrators."
- C. Requires a majority vote by secret ballot every three years "to continue, discontinue, or modify that differentiated pay plan."
- D. Funding for units electing to participate in pay plan.
  1. 1990-91: 2% of teacher and administrator salaries
  2. 1991-92: 3% of teacher and administrator salaries
  3. 1992-93: 4% of teacher and administrator salaries
  4. 1993-94 and thereafter: 7% of teacher and administrator salaries
- E. Shall pay added compensation as a "bonus or supplement" to regular salary. Failure to receive added bonus shall not be a demotion under GS115C-325.

V. Flexible Funding
- A. In 1990-91, state funds may be combined into a single category for current funds for instructional materials, supplies, and equipment, textbooks, testing support, and drivers ed except for funds for teachers in drivers education.
- B. Local boards shall provide maximum flexibility to individual schools.

VI. Waivers of State laws, Regulations or Policies

A. State Board grants waivers if recommended by State Superintendent as necessary to reach local goals.

B. May be granted for these laws.
1. Class size.
2. Teacher certification.
3. Assignment of teacher assistants.
4. Use of state adopted textbooks.
5. Purposes for which state funds for public schools may be used.

C. May be granted for all state regulations and policies EXCEPT:
1. Salary schedules and employee benefits for school employees.
2. Instructional program offered in SEP.
3. Fair Employment and Dismissal Act.
4. Health and safety codes.
5. Compulsory attendance.
6. Minimum length of school day and year.
7. Uniform Education Reporting System.

VII. Procedure

A. Submit local plan to State Superintendent by April 15.

B. By June 30 each year, State Superintendent reviews and submits to State Board.

C. Must indicate progress toward goals

VIII. Changes in State Testing Program

A. Implement end-of-course and end-of-grade tests for grades 3-12 to measure competencies in Standard Course of Study.

B. Eliminates on July 1, 1990, the annual testing program for grade 3, 6, and 8.

C. Provides for testing "smallest size sample of students" for grades 3-12 to compare North Carolina with national student achievements effective 7/1/92.

IX. Existing Career Development and Local Teacher Programs

A. Continues funding for 1989-90, with compensation to be considered a bonus or supplement.

B. Requires successful submission of local school improvements plan as required in SB2 for subsequent funding.

C. Limits funds to 7% of teacher and administrator salaries by 1993-94 as provided to remaining school districts.

D. Allows all CDP funds to be made available to pay CDP bonuses.

E. Eliminates fast track—requires 3 years in Level I, 3 years in Level II.

NO FUNDS WERE INCLUDED IN THIS BILL.

Key Provisions of Senate Bill 2
1989 General Assembly

Prepared by Marian Steffinga, NCAE Staff

I. **Performance based Accountability Program**

A. Primary Goal—"to improve student performance"

B. State Board role

1. Develop procedures for voluntary local participatinn to begin 1990-91
2. Develop guidelines which must include 3 to 5 year student performance goals and annual milestones to measure progress
3. Identify student measures which may include attendance rates, dropout rates, test scores, parent involvement, post-secondary outcomes.
4. May grant waivers upon recommendation of State Superintendent.

II. **Benefits of Voluntary Local Participation**

A. Are exempt from state requirements to submit reports and plans.

B. Are subject to performance standards but not opportunity standards or staffing ratios of State Accreditation Program.

C. May receive funds for differentiated pay.

D. May be allowed increased flexibility on spending state funds.

E. May be granted waivers of laws, regulations, and policies that inhibit ability to reach goals.

F. Shall use TPAI for evaluating beginning teachers during first 3 years of employment, may develop other approaches for teachers with career status.

III. **Elements of Local Plans**

A. "Shall actively involve a substantial number of teachers, school administrators, and other school staff in developing the local school improvement plan."

B. Shall include student performance goals and strategies to attain:

1. Specific, measurable goals for all indicators adopted by State Board; socio-economic factors and previous performance shall be used.
2. Strategies shall be based on plans for each school unit developed by principal and the staff in each school.

C. Shall consider a plan for differentiated pay, but a unit may elect not to participate in the pay plan.

D. May request waiver with explanation of how waiver of laws, regulations or policies will permit local unit to reach local goals.

IV. **Differentiated Pay—Optional**

A. May include differentiated pay plan for all certified staff including administrators based on the following.

1. Career Development Plan in GS115C-363.
2. Lead Teacher Pilot Program in GS115C-363.28.
3. Locally designed school-based performance plan subject to guidelines adopted by State Board.
4. A differentiated pay plan that State Board finds has been successfully implemented in another state.
5. Locally designed plan that combines or modifies the above items.

B. Requires majority vote by secret ballot of "affected paid certificated instructional and instructional support staff and a majority of the affected certificated administrators."

C. Requires a majority vote by secret ballot every three years "to continue, discontinue, or modify that differentiated pay plan."

D. Funding for units electing to participate in pay plan.

1. 1990-91: 2% of teacher and administrator salaries
2. 1991-92: 3% of teacher and administrator salaries
3. 1992-93: 4% of teacher and administrator salaries
4. 1993-94 and thereafter: 7% of teacher and administrator salaries

E. Shall pay added compensation as a "bonus or supplement" to regular salary. Failure to receive added bonus shall not be a demotion under GS115C-325.

V. **Flexible Funding**

A. In 1990-91, state funds may be combined into a single category for current funds for instructional materials, supplies, and equipment, textbooks, testing support, and drivers ed except for funds for teachers in drivers education.

B. Local boards shall provide maximum flexibility to individual schools.

VI. Waivers of State laws, Regulations or Policies

A. State Board grants waivers if recommended by State Superintendent as necessary to reach local goals.

B. May be granted for these laws.

1. Class size.
2. Teacher certification.
3. Assignment of teacher assistants.
4. Use of state adopted textbooks.
5. Purposes for which state funds for public schools may be used.

C. May be granted for all state regulations and policies EXCEPT:

1. Salary schedules and employee benefits for school employees.
2. Instructional program offered in SEP.
3. Fair Employment and Dismissal Act.
4. Health and safety codes.
5. Compulsory attendance.
6. Minimum length of school day and year.
7. Uniform Education Reporting System.

VII. Procedure

A. Submit local plan to State Superintendent by April 15.

B. By June 30 each year, State Superintendent reviews and submits to State Board.

C. Must indicate progress toward goals.

VIII. Changes in State Testing Program

A. Implement end-of-course and end-of grade tests for grades 9-12 to measure competencies in Standard Course of Study.

B. Eliminates on July 1, 1992, the annual testing program for grade 3, 6, and 8.

C. Provides for testing "smallest size sample of students" for grades 9-12 to compare North Carolina with national student achievements effective 7/1/92.

IX. Existing Career Development and Lead Teacher Programs

A. Continues funding for 1989-90, with compensation to be considered a bonus or supplement.

B. Requires successful submission of local school improvements plan as required in SB2 for subsequent funding.

C. Limits funds to 7% of teacher and administrator salaries by 1993-94 as provided to remaining school districts.

D. Allows all CDP funds to be made available to pay CDP bonuses.

E. Eliminates fast track—requires 3 years in Level I, 3 years in Level II.

NO FUNDS WERE INCLUDED IN THIS BILL.

GENERAL ASSEMBLY OF NORTH CAROLINA
1989 SESSION
RATIFIED BILL

CHAPTER 778
SENATE BILL 2

AN ACT TO APPROPRIATE FUNDS FOR THE IMPLEMENTATION OF THE SCHOOL IMPROVEMENT AND ACCOUNTABILITY ACT OF 1989.

The General Assembly of North Carolina enacts:

Section 1. Title of Act. -- This act may be referred to as the 'School Improvement and Accountability Act of 1989."

Sec. 2. Legislative Intent. -- It is the intent of the General Assembly that this act be implemented with a minimum of regulations.

Sec. 3. Performance-based Accountability Program. -- Article 16 of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 4. Performance-based Accountability Program.

"§ 115C-238.1. Performance-based Accountability Program; development and implementation by State Board.

The State Board of Education shall develop and implement a Performance-based Accountability Program. The primary goal of the Program shall be to improve student performance. The State Board of Education shall adopt:

(1) Procedures and guidelines through which, beginning with the 1990-91 fiscal year, local school administrative units may participate in the Program;

(2) Guidelines for developing local school improvement plans with three-to-five year student performance goals and annual milestones to measure progress in meeting those goals; and

(3) A set of student performance indicators for measuring and assessing student performance in the participating local school administrative units. These indicators may include attendance rates, dropout rates, test scores, parent involvement, and post-secondary outcomes.

"§ 115C-238.2. Local participation in the Program voluntary; the benefits of local participation.

(a) Local school administrative units may, but are not required to, participate in the Performance-based Accountability Program.

(b) Local school administrative units that participate in the Performance-based Accountability Program:

(1) Are exempt from State requirements to submit reports and plans, other than local school improvement plans, to the Department of Public Education; they are not exempt from federal requirements to submit reports and plans to the Department.

(2) Are subject to the performance standards but not the opportunity standards or the staffing ratios of the State Accreditation Program. The performance standards in the State Accreditation Program,

These tests shall be designed to measure progress toward selected competencies, especially core academic competencies, described in the Standard Course of Study for appropriate grade levels. With regard to students who are identified as not demonstrating satisfactory academic progress, end-of-course and end-of-grade test results shall be used in developing strategies and plans for assisting those students in achieving satisfactory academic progress."

Sec. 5. Testing for Comparisons of Student Achievement. -- Effective July 1, 1992, G.S. 115C-174.11(a) reads as rewritten:

"(a) Annual Testing Program. ~~In order to assess the effectiveness of the educational process, and to ensure that each pupil receives the maximum educational benefit from the educational process, the State Board of Education shall implement an annual statewide testing program in basic subjects. It is the purpose of this testing program to help local school systems and teachers identify and correct student needs in basic skills rather than to provide a tool for comparison of individual students or to evaluate teacher performance. The annual testing program shall be conducted each school year for the third, sixth and eighth grades. Students in these grade levels who are enrolled in special education programs or who have been officially designated as eligible for participation in such programs may be excluded from the testing program if special testing procedures are required for testing such students. The State Board of Education shall select annually the type or types of tests to be used in the testing program.~~

The State Board of Education shall ~~also~~ adopt and provide to the local school administrative units developmentally appropriate individualized assessment instruments consistent with the Basic Education Program for the first and second grades, rather than standardized tests. Local school administrative units may use these assessment instruments provided to them by the State Board for first and second grade students, and shall not use standardized tests. The State Board of Education shall report to the Joint Legislative Commission on Governmental Operations prior to May 1, 1988, and to the Senate and House Appropriations Committees on Education prior to March 1, 1989, on the assessment instruments it develops.

If the State Board of Education finds that testing in grades other than the first and second grade is necessary to allow comparisons with national indicators of student achievement, that testing shall be conducted with the smallest size sample of students necessary to assure valid comparisons with other states."

Sec. 6. Annual Report Cards for Schools. -- G.S. 115C-12(9) reads as rewritten:

"(9) Miscellaneous Powers and Duties. -- All the powers and duties exercised by the State Board of Education shall be in conformity with the Constitution and subject to such laws as may be enacted from time to time by the General Assembly. Among such duties are:

a. To certify and regulate the grade and salary of teachers and other school employees.

b. To adopt and supply textbooks.

c. To adopt rules requiring all local boards of education to implement the Basic Education Program on an incremental basis within funds appropriated for that purpose by the General Assembly and by units of local government.

The Board shall develop a State accreditation program that meets or exceeds the standards and requirements of the Basic Education Program. The Board shall require each local school administrative unit to comply with the State

modified to reflect the results of end-of-course and end-of-grade tests, may serve as the basis for developing the student performance indicators adopted by the State Board of Education pursuant to G.S. 115C-238.1.

(3) May receive funds for differentiated pay for teachers and administrators, in accordance with G.S. 115C-238.4, if they elect to participate in a differentiated pay plan.

(4) May be allowed increased flexibility in the expenditure of State funds, in accordance with G.S. 115C-238.5.

(5) May be granted waivers of certain State laws, regulations, and policies that inhibit their ability to reach local accountability goals, in accordance with G.S. 115C-238.6(a).

(6) Shall continue to use the Teacher Performance Appraisal Instrument (TPAI) for evaluating beginning teachers during the first three years of their employment; they may, however, develop other evaluation approaches for teachers who have attained career status.

"**§ 115C-238.3. Elements of local plans.**

(a) The board of education of a local school administrative unit that elects to participate in the Program shall submit a local school improvement plan to the State Superintendent of Public Instruction before April 15 of the fiscal year preceding the fiscal year in which participation is sought. The local board of education shall actively involve a substantial number of teachers, school administrators, and other school staff in developing the local school improvement plan.

(b) The local school improvement plan shall set forth (i) the student performance goals established by the local board of education for the local school administrative unit and (ii) the unit's strategies and plans for attaining them.

The performance goals for the local school administrative unit shall address specific, measurable goals for all student performance indicators adopted by the State Board. Factors that determine gains in achievement vary from school to school; therefore, socioeconomic factors and previous student performance indicators shall be used as the basis of the local school improvement plan.

The strategies for attaining the local student performance goals shall be based on plans for each individual school in the local school administrative unit. The principal of each school and his staff shall develop a plan to address student performance goals appropriate to the school from those established by the local board of education.

(c) The local school administrative unit shall consider a plan for differentiated pay. The local plan shall include a plan for differentiated pay, in accordance with G.S. 115C-238.4, unless the local school administrative unit elects not to participate in any differentiated pay plan.

(d) The local plan may include a request for a waiver of State laws, regulations, or policies. The request for a waiver shall identify the State laws, regulations, or policies that inhibit the local unit's ability to reach its local accountability goals and shall explain how a waiver of those laws, regulations, or policies will permit the local unit to reach its local goals.

"**§ 115C-238.4. Differentiated pay.**

(a) Local school administrative units may include, but are not required to include, a differentiated pay plan for certified instructional staff, certified instructional support staff, and certified administrative staff as a part of their local school improvement plans. Units electing to include differentiated pay plans in their school improvement plans shall base their differentiated pay plans on:

(1) The Career Development Pilot Program, G.S. 115C-363 **et seq.**;

(2) The Lead Teacher Pilot Program, G.S. 115C-363.28 **et seq.**;

(3) A locally designed school-based performance program, subject to limitations and guidelines adopted by the State Board of Education;

(4) A differentiated pay plan that the State Board of Education finds has been successfully implemented in another state; or

(5) A locally designed plan including any combination or modification of the foregoing plans.

(b) Support among affected staff members is essential to successful implementation of a differentiated pay plan; therefore, a local board of education that decides that a differentiated pay plan should be included in its local school improvement plan shall present a proposed differentiated pay plan to affected staff members for their review and vote. The vote shall be by secret ballot. The local board of education shall include the proposed differentiated pay plan in its local school improvement plan only if the proposed plan has the approval of a majority of the affected paid certificated instructional and instructional support staff and a majority of the affected certificated administrators.

Every three years after a differentiated pay plan receives such approval, the local board of education shall present a proposed plan to continue, discontinue, or modify that differentiated pay plan to affected staff members for their review and vote. The vote shall be by secret ballot. The local board of education shall include the proposed plan in its local school improvement plan only if the proposed plan has the approval of a majority of the affected paid certificated instructional and instructional support staff and a majority of the affected certificated administrators.

(c) Local school administrative units electing to participate in a differentiated pay plan shall receive State funds according to the terms of the plan but not to exceed:

(1) 1990-91: two percent (2%) of teacher and administrator salaries, and the employer's contributions for social security and retirement;

(2) 1991-92: three percent (3%) of teacher and administrator salaries, and the employer's contributions for social security and retirement;

(3) 1992-93: four percent (4%) of teacher and administrator salaries, and the employer's contributions for social security and retirement; and

(4) 1993-94 and thereafter: seven percent (7%) of teacher and administrator salaries, and the employer's contributions for social security and retirement.

Any differentiated pay plan developed in accordance with this section shall be implemented within State and local funds available for differentiated pay.

(d) Attainment of the equivalent of Career Status I shall be rewarded through a new salary schedule that provides a salary differential when a certified educator successfully completes his probationary period.

(e) Any additional compensation received by an employee as a result of the unit's participation in the Program shall be paid as a bonus or supplement to the employee's regular salary. If an employee in a participating unit does not receive additional compensation, such failure to receive additional compensation shall not be construed as a demotion, as that term is used in G.S. 115C-325.

"§ 115C-238.5. Flexible funding.

For fiscal years beginning with the 1990-91 fiscal year, the State Board of Education, only upon the recommendation of the State Superintendent, shall increase flexibility in the use of State funds for schools by combining into a single funding category the existing categories for instructional materials, supplies and equipment, textbooks, testing support, and drivers education except for funds for classroom teachers of drivers education. Only local school administrative units electing to

participate in the Performance-based Accountability Program shall be eligible to receive this flexible funding.

Local boards of education shall provide maximum flexibility in the use of funds to individual schools to enable them to accomplish their individual schools' goals.

"**§ 115C-238.6. Approval of local school administrative unit plans by the State Superintendent; conditions for continued participation.**

(a) Prior to June 30 each year, the State Superintendent shall review local school improvement plans submitted by the local school administrative units in accordance with policies and performance indicators adopted by the State Board of Education. If the State Superintendent approves the plan for a local school administrative unit, that unit shall participate in the Program for the next fiscal year.

If a local plan contains a request for a waiver of State laws, regulations, or policies, in accordance with G.S. 115C-238.3(e), the State Superintendent shall determine whether and to what extent the identified laws, regulations, or policies should be waived. The State Superintendent shall present that plan and his determination to the State Board of Education. If the State Board of Education deems it necessary to do so to enable a local unit to reach its local accountability goals, the State Board, only upon the recommendation of the State Superintendent, may grant waivers of:

(1) State laws pertaining to class size, teacher certification, assignment of teacher assistants, the use of State-adopted textbooks, and the purposes for which State funds for the public schools may be used, and

(2) All State regulations and policies, except those pertaining to State salary schedules and employee benefits for school employees, the instructional program that must be offered under the Basic Education Program, the system of employment for public school teachers and administrators set out in G.S. 115C-325, health and safety codes, compulsory school attendance, the minimum lengths of the school day and year, and the Uniform Education Reporting System.

(b) Local school administrative units shall continue to participate in the Program and receive funds for differentiated pay, if their local plans call for differentiated pay, so long as (i) they demonstrate satisfactory progress toward student performance goals set out in their local school improvement plans; or (ii) once their local goals are met, they continue to achieve their local goals and they otherwise demonstrate satisfactory performance, as determined by the State Superintendent in accordance with guidelines set by the State Board of Education.

If the local school administrative units do not achieve their goals after two years, the Department of Public Instruction shall provide them with technical assistance to help them meet their goals. If after one additional year they do not achieve their goals, the State Board of Education shall decide what steps shall be taken to improve the education of students in the unit."

Sec. 4. End-of-course and End-of-grade Tests. -- G.S. 115C-174.11(c) reads as rewritten:

"~~(c) Competency-Based Curriculum Testing. -- In order to provide achievement information and educational accountability as part of the Basic Education Program, the State Board of Education may acquire, in the most cost-efficient manner, achievement tests and test information to evaluate achievement in those grades and courses as specified in the Basic Education Program. Information from these tests may be used as one criterion by teachers and local school personnel in arriving at student grades and in making administrative decisions.~~

(c) End-of-course and End-of-grade Tests. -- The State Board of Education shall adopt a system of end-of-course and end-of-grade tests for grades three through 12.

accreditation program to the extent that funds have been made available to the local school administrative unit for implementation of the Basic Education Program.

The Board shall use the State accreditation program to monitor the implementation of the Basic Education Program.

c1. To issue an annual 'report card' for the State and for each local school administrative unit, assessing each unit's efforts to improve student performance and taking into account progress over the previous years' level of performance and the State's performance in comparison with other states. This assessment shall take into account demographic, economic, and other factors that have been shown to affect student performance.

d. To formulate rules and regulations for the enforcement of the compulsory attendance law.

e. To manage and operate a system of insurance for public school property, as provided in Article 38 of this Chapter.

In making substantial policy changes in administration, curriculum, or programs the Board should conduct hearings throughout the regions of the State, whenever feasible, in order that the public may be heard regarding these matters."

Sec. 7. Existing Career Development and Lead Teacher Pilot Programs.

(a) Notwithstanding the provisions of Article 24B of Chapter 115C of the General Statutes, Article 24D of Chapter 115C of the General Statutes, or any other provision of law, funding for the career development pilot projects and the lead teacher pilot projects shall continue through the 1989-90 fiscal year: Provided, however, that any additional compensation received by an employee as a result of the unit's participation in the pilot program for the 1989-90 fiscal year and for subsequent fiscal years shall be paid as a bonus or supplement to the employee's regular salary.

Funding of these pilot projects shall continue for subsequent fiscal years only if the pilot units successfully submit local school improvement plans pursuant to the Performance-based Accountability Program, during the 1989-90 school year and during subsequent school years.

(b) Beginning with the 1993-94 fiscal year, the career development and the lead teacher pilot units shall receive only the amount of State funds available for school units participating in a differentiated pay plan pursuant to the School Improvement and Accountability Act of 1989; they shall receive no State funding as career development pilot units or lead teacher pilot units.

(c) The local school improvement plan for each career development pilot program shall include a schedule of modifications to the career development program. This schedule shall result in an incremental reduction or increase, as appropriate, in the amount of funds allocated for differentiated pay so that, for the 1993-94 fiscal year and subsequent fiscal years, the cost of the differentiated pay plan equals the amount of State and local funds available for differentiated pay for school units participating in differentiated pay plans pursuant to the School Improvement and Accountability Act of 1989.

(d) If an employee in a career development pilot unit is recommended for Career Status I or II and that status is approved by the local board of education prior to the beginning of the 1989-90 school year, the local board of education may pay that employee a bonus or supplement to his regular salary. For the 1989-90 fiscal year only, the local board of education may use any State or local funds available to it for the career development pilot program to pay these bonuses or supplements.

(e) Effective at the beginning of the 1989-90 school year, an employee may be considered for Career Status II no earlier than his third year in Career Status I; an employee may be considered for Career Status III no earlier than his third year in Career Status II.

(f) Any career ladder pilot project in a school unit that has resulted from a merger of school units, within the last calendar year preceding the effective date of this act, may be modified by the local school board, upon the recommendation of the State Superintendent of Public Instruction and with the approval of the State Board of Education. This modification shall require no more funds than allocated to the particular project by the State Board of Education from funds appropriated to the State Board of Education in Chapter 500 of the 1989 Session Laws, the Current Operations Appropriations Act of 1989.

Sec. 8. The Department of Public Education shall report prior to May 1, 1990, and annually thereafter, on the implementation of the School Improvement and Accountability Act of 1989, to the chairmen of the Senate and House of Representatives committees on education, appropriations, and appropriations on education.

Sec. 9. Nothing in this act shall be construed to obligate the General Assembly to appropriate any funds to implement the provisions of this act.

Sec. 10. This act is effective upon ratification.

In the General Assembly read three times and ratified this the 12th day of August, 1989.

JAMES C. GARDNER

James C. Gardner
President of the Senate

J. L. MAVRETIC

J. L. Mavretic
Speaker of the House of Representatives

EDMONDS SCHOOL DISTRICT
3800 196th St. S.W., Lynnwood, WA 98036-5789 (206) 670 7133

Dr. Stephen Fink
Coordinator
Special Programs

November 13, 1989

The Honorable Peter Smith
United States House of Representatives
Washington, D.C. 20515

Dear Representative Smith:

This is a follow-up to my letter dated October 30, 1989 in which I expressed an interest in testifying on behalf of any legislation designed to promote flexibility in the use of Federal funds for public education. Since I will not be present to testify before the House Education and Labor hearing on November 16, 1989, I would like to submit this letter as written testimony.

BACKGROUND

In terms of a brief background, I direct Federal and special programs for a district of 18,000 students, of which, approximately 4,000 are served by a combination of state and federal compensatory resources. While we receive funding from several different Fedoral entitlement programs, e.g., Chapter I, Chapter II, Indian Education, etc., it is the restrictions inherent in the ESSI Chapter I regulations that I will direct this testimony toward.

The philosophy of our school district is that positive educational reform is most likely to occur if it is initiated and supported at the individual building level. In addition, our interpretation of current educational research on "at risk" students supports the need for integrating compensatory and special education programs within the basic education delivery model. Given these two concepts of "site based management" and "program integration," we challenge our schools to develop creative instructional delivery systems and practices that ensure equity and excellence for all students.

Unfortunately, as our schools have become more creative in their quest for true educational reform, we are constantly coming up against a variety of hurdles imposed either by direct statutory language contained in the Chapter I authorization, or by narrow interpretations of statutory language by the Department of Education. We have often found that the restrictiveness of Federal funding has made it impossible for individual schools to fully implement their desired program even though there is ample evidence to suggest that the desired program change is in the best interest of students.

FUNDING ISSUES

In order to illustrate how present Chapter I regulations often inhibit the delivery of effective programs for "at risk" students, I will list specific examples of issues we have confronted within the last three years.

1) Total Classroom Programs: Many of our schools, after an extensive review of the research, elected to pursue "cooperative learning programs" to address the needs of their low achieving students. In a cooperative learning format, Chapter I students work in mixed ability groups within their regular classroom. Despite the proven effectiveness of cooperative learning programs, they cannot be implemented entirely using Chapter I funding since "non-Chapter I" students are served along with their Chapter I classmates.

   There is an exception under the Chapter I regulations which permit "school wide projects" in which all students may benefit from Chapter I funds. The only problem is that in order to qualify for a school wide project, at least 75% of the students must meet "poverty" criteria. In our school district, none of the schools meet the 75% "in poverty" criteria although we still have several thousand disadvantaged students who need Chapter I support. The unfortunate paradox is that the purpose of Chapter I legislation is to provide additional resources for disadvantaged students, yet a proven program that has the greatest potential for meeting students' needs cannot be fully funded under that legislation.

2) Skill Grouping: While many of our schools pursued cooperative learning programs, others elected to implement school wide "regrouping" for reading and math where students would be regrouped, across grade level, into instructional groups of similar skills. Again, the school staffs used the best available research as a guide to ensure that students would be skill grouped and not ability tracked.

   In this type of delivery system, all teachers in the building teach basic math and reading groups. Since this typically means infusing Chapter I teachers and Special Education teachers, the net effect is a lowering of class size across the entire building. In addition to the lower class size, skill grouping allows instruction to be adjusted to the unique learning preferences and needs of the students.

   Despite the proven efficacy of skill grouping, it also cannot be funded under existing Chapter I regulation due to the "supplement vs supplant" language. In a skill grouping model, the Chapter I teacher is actually the reading or math teacher of record which is interpreted as "supplanting" by Chapter I program monitors. Here again is the unfortunate paradox: Since the Chapter I students are typically failing in their classroom reading or math program, it makes sense to put them in a smaller group with a trained Chapter I reading or math specialist for their basic instruction, yet this too is illegal under existing Chapter I regulations.

3) Coordination of Services: Within the present Chapter I authorization is language encouraging school districts to provide maximum coordination between Chapter I services and services provided to address children's handicapping conditions or limited English proficiency. This request is quite laudable since the philosophy of our school district is to provide services to students without labeling and categorizing. This means that our schools are directed to group students according to instructional needs, not according to whether or not they are Chapter I, Special Education, or English As A Second Language students. In fact all of our programs are fully integrated so that the schools receive a block of funding for all of their "at risk" students rather than separate Chapter I, or Special Education funding. The funding is based upon a comprehensive needs assessment designed to distribute a greater proportion of funds to schools with higher numbers of "at risk" students.

With respect to issues such as equity, and the social consequences of categorical labels, the philosophy of "not labeling" students is supported in virtually all educational circles. Unfortunately the Chapter I program as well as all other Federal programs, contains regulatory language against the "co-mingling" of funds. This means that we are forced to keep detailed time and effort documentation for all personnel who our funded out of Chapter I. On one hand we are telling our teachers not to label students at the school site, and in the next breath we are asking them to keep a detailed accounting of how many minutes per day they are spending with Chapter I students, Special Education students, etc.

I have attached a copy of our Student Funding Category Report and corresponding computer work sheet which we use to keep time and effort documentation for all categorically funded personnel. As you can probably visualize, this is one of the most labor intensive and least cost effective procedures we engage in. This is also an area in which our state Chapter I office has been unwavering - we are forced to maintain this documentation on a regular basis.

4) Equipment Purchases: The issue of equipment purchases is actually a subset of the above section on coordination of services. Since we have elected to blend all categorical funds, we have had the same standard applied to our equipment purchases as we have the funding of personnel. If we were to buy a computer out of Chapter I funds, only "Chapter I" students could use that computer. If we were to buy a computer out of a combination of Chapter I, Special Education and local dollars, time and effort documentation is required to ensure that the portion of time Chapter I students use the computer coincides with the percentage of Chapter I funds spent on the computer. The Chapter I program monitors have told us that we would need to maintain an equipment log detailing who uses the computer and for how much time.

Due to the restrictive interpretation of "co-mingling" funds, I have elected not to purchase any equipment with Federal funds. Our belief in not labeling students is too strong to allow us to engage in the repugnant procedure of maintaining student time and effort logs for equipment. This is unfortunate since there are some very effective computer assisted instruction programs available for "at risk" students.

RECOMMENDATIONS

It has become clear that nothing short of major school restructuring is going to adequately address the public education dilemma facing this country. In that regard it seems to me that Congress should be supporting the development of innovative programs. With that in mind, I recommend that Congress establish a "Pilot Schools" project which encourages school districts to develop innovative programs for "at risk" students. School districts who participate in the project would be granted certain waivers from Chapter 1 restrictions, particularly the restriction on "School Wide Projects" where schools must meet the 75% poverty requirement in order to implement a total school program. Whether or not "non-Chapter I" students receive program benefit from Chapter I funding is immaterial, as long as schools can show that eligible Chapter I students are making substantial progress.

Since the key factor in program development is the ability to document "substantial progress" for Chapter I students, school districts that participate in the Pilot Schools project would have to meet certain criteria for research design. Through the flexibility to develop innovative programs without restrictions, and a controlled research design, participating school districts would be able to report back to Congress valuable information which could be used for future policy development.

SUMMARY

As the champions of the disadvantaged are quick state, the restrictions inherent in categorical funding are necessary to ensure that funds get to the truly needy children. I, too, have been committed to disadvantaged students for many years, and have the same level of concern. However, I can state the following without reservation: Until we empower teachers, principals and parents at the local school level with the flexibility and responsibility to make important program, instruction, and curriculum decisions, all the Federal restrictions in the world are not going to prevent disadvantaged students from falling further behind. We must give schools the freedom to experiment and hold them accountable for student progress.

If we are to break out of the traditional paradigm that has governed public education for the last one hundred years, we must insist on, and reward local educators for going out on the "cutting edge" of program innovation. The Federal government certainly has an important role to play in this process. I would be most eager to provide any further insight or assistance in that pursuit.

Sincerely,

Stephen Fink

Stephen Fink
Director of Federal Programs

EDMONDS SCHOOL DISTRICT 15
FEDERAL PROGRAMS

STUDENT FUNDING CATEGORY REPORT

The purpose of the Student Funding Category Report is to provide accurate time and effort documentation for categorical program teachers and educational assistants. For each classroom period, teachers must indicate the length of the period, and how many Chapter I, LAP (State Compensatory Education Funding), Special Education, Basic Education (non-eligible students) and ESL students are being served.

As you can see from the attached computer report for one of our instructors, she was spending approximately 81% of her time with Chapter I students, 6% with Special Education and 12% with Basic Education. Under present restrictions with respect to "co-mingling" of funds, we are forced to align our payroll with the corresponding percentage of time she is spending with each "type" of student. This means that she must be funded out of three different budgets for the exact amount of time indicated on the report.

Needless to say this process becomes an accounting nightmare. It is also exacerbated by the fact that our instructional groups remain fluid. This means that the proportion of time our teachers are spending with any category of students is constantly changing. Theoretically we are supposed to be changing our payroll every time a teacher's time and effort documentation changes.

EDMONDS SCHOOL DISTRICT
Special Programs

15

STUDENT FUNDING CATEGORY REPORT

TEACHER: _____ BUILDING: _____

TOTAL FTE / HOURS: _____ DATE: _____

AREA: _____ TIME: _____ ___ X ___ = ___ Min Day Tot.Min					
1	LAP	SE	BE	ESL	

AREA: _____ TIME: _____ ___ X ___ = ___ Min Day Tot.Min					
1	LAP	SE	BE	ESL	

AREA: _____ TIME: _____ ___ X ___ = ___ Min Day Tot.Min					
1	LAP	SE	BE	ESL	

AREA: _____ TIME: _____ ___ X ___ = ___ Min Day Tot.Min					
1	LAP	SE	BE	ESL	

AREA: _____ TIME: _____ ___ X ___ = ___ Min Day Tot.Min					
1	LAP	SE	BE	ESL	

AREA: _____ TIME: _____ ___ X ___ = ___ Min Day Tot.Min					
1	LAP	SE	BE	ESL	

AREA: _____ TIME: _____ ___ X ___ = ___ Min Day Tot.Min					
1	LAP	SE	BE	ESL	

AREA: _____ TIME: _____ ___ X ___ = ___ Min Day Tot.Min					
1	LAP	SE	BE	ESL	

AREA: _____ TIME: _____ ___ X ___ = ___ Min Day Tot.Min					
1	LAP	SE	BE	ESL	

Change to: 21-13 1.50
51-91 3.00

[redacted] 03-04-98 STUDENT FUNDING CATEGORY REPORT

| CFC, LAST NAME | FIRST NAME BLDG AREA | | |

AMERICAN ASSOCIATION
OF SCHOOL ADMINISTRATORS

AASA
LEADERSHIP
FOR LEARNING

November 15, 1989

The Honorable Peter Smith
U.S. House of Representatives
1020 Longworth House Office Building
Washington, DC 20515

Dear Representative Smith:

The American Association of School Administrators (AASA), would like to thank you for introducing H.R. 3347 to create demonstration programs regarding the establishment of education performance agreements. A number of federal programs have provided leadership to local programs for disadvantaged students.

Performance agreements are important because restructuring standardize tests will not occur if the emphasis is placed on achievement rather than learning. Learning is not adequately described by standardized norm referenced tests. Only if the quality of learning is explained, will teachers, parents and students be able to use the information to promote learning.

H.R. 3347 will encourage teachers, parents, community leaders and administrators to identify measures of the quality of learning. If in the design of qualitative measures of learning it appears that some regulations need to be waived (and childrens' rights protected), then modification of regulations should be considered. Unfortunately, the discussion around H.R. 3347 has focused on deregulation rather than identification of qualitative measures of learning.

It is not clear that any regulations need to be waived to actually participate in this demonstration. There is no hard evidence that allowing waivers of some program regulations would improve student performance. But there may be local situations where experimentation with programs could improve student learning. Those opportunities, if structured to involve parents and protect the constitutional and procedural rights of children, should be examined.

AASA supports your effort to explore education performance agreements and stands ready to participate in the discussions about how to make that happen.

Sincerely,

Bruce Hunter

Bruce Hunter
Associate Executive Director
Office of Governmental Relations

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An Equal Opportunity Employer

STATE OF VERMONT
DEPARTMENT OF EDUCATION
MONTPELIER
05602-2703

November 15, 1989

Representative Peter P. Smith
1020 LHOB
Washington, D.C. 20515-4501

Dear Peter:

I am very pleased to offer my support for the Educational Performance Agreement for School Restructuring Act. This represents a very important step in the growing commitment to swap state and federal red tape for improved results.

The bill is premised upon a number of principles which must be the cornerstone of any efforts to restructure our schools. First, and most importantly, any agreement to relax or waive certain regulations or funding provisions are based on improved student performance. We must focus restructuring on local efforts to define very high performance in schools. Although a rejuvenated curriculum, shared decision-making among educators, and an improved school climate might also be achieved through restructuring, this bill is based on student performance.

Another key concept represented in the bill is partnership. Not only does it encourage a collaborative effort by the school, parents, and the community to improve performance, but it effectively links local, state and federal resources to accomplish that goal.

In Vermont the Governor, the State Board of Education, the Legislature and Business Leaders have joined together to establish a grant program to challenge Vermont schools to reinvent for very high performance for all students. The initial response has been very positive, with 63 teams from local schools and school districts involved in a network which is exploring the restructuring process.

Many of the questions from those involved in Vermont's restructuring initiative focus on regulatory barriers and obstacles to achieving high performance for all students. The Educational Performance Agreement for School Restructuring Act represents a firm commitment and meaningful encouragement from an important partner in the effort to improve our schools. Please let me know if there is anything I can do to share our experience as the bill is considered.

Sincerely,

Richard P. Mills
Commissioner

RPM/amv

Mr. POSHARD. Thank you, Mr. Smith. Before Governor Kean comes forward, are there any other members who would like to make an opening statement?

Mr. Goodling?

Mr. GOODLING. I would like to read a note to the governor from Marge Roukema. Mrs. Roukema this morning is unable to be here because there is a hearing at the same time of her Labor Management Subcommittee and she is the ranking member, so she feels she has to be there, but she wants to acknowledge and congratulate the leadership of Governor Kean in the field of education.

His accomplishments in the state of New Jersey should serve as a model to other states. We are fortunate to have him here before us today.

Mr. POSHARD. Thank you, Mr. Goodling. Mr. Bartlett?

Mr. BARTLETT. Mr. Chairman, I thank you for the brief amount of time. I want to say that I think this is a revolutionary hearing and some revolutionary ideas in which Mr. Smith's legislation and the subject of this hearing is one of the most refreshing items of public policy change that this Congress has seen in over a decade.

It is revolutionary in that it will put education results first to be measured by its impact on students in this country obtaining an education, strengthening their academics and obtaining the kind of education that this country needs.

It is revolutionary in that the changes proposed by this legislation and by these witnesses would empower parents, principals, teachers, school board members and others directly in control of local education, empower those with the ability to make those changes that are long overdue.

It seems to me that the empowerment agenda of education has two parts. It has the part that is contained in this bill directly, and that is decentralization of decision, to allow people in the schoolhouse to make educational decisions, and it has the other part, the flip side, and that is empowering parents to be able to be in control of the educational agenda for their own students.

So we decentralize education at the schoolhouse level and we empower parents to be able to make decisions for their own children.

I look forward to both this hearing and the legislative results of this hearing.

Mr. POSHARD. Thank you, Mr. Bartlett.

Mr. HAYES. Mr. Chairman, if I may?

Mr. POSHARD. Yes, Mr. Hayes?

Mr. HAYES. I passed up my opportunity when you looked this way, because in deference to the Governor's time frame which he is operating in, but since my colleagues on the other side seem to disregard it I think I may infringe upon a little of it, too.

I am one of the cosponsors of this piece of legislation. I think it is a good bill. It should be passed by this House.

But it is not without faults. Somewhere during the deliberation I would hope that we can strengthen it in ways that might enhance the fulfillment of its purpose. As we get into the specifics of it I will bring out some of the things that I think need to be changed.

I have been contacted by some of the organizations who are interested in education and certainly want to do something to see this pass. We want to make sure that those who we are trying to

help secure an education are not overlooked and neglected because of some things that we left out of this piece of legislation. I just want to get that into the record.

Mr. POSHARD. Thank you, Mr. Hayes.

Governor Kean, we thank you for taking the time and coming to be with us on such a terrible morning outside. We appreciate your patience. You can begin.

STATEMENT OF THE HONORABLE THOMAS H. KEAN, GOVERNOR OF STATE OF NEW JERSEY

Governor KEAN. Thank you very much, Mr. Chairman, Congressman Goodling and members of the committee. I want to thank you very much for the opportunity to testify in support of this bill to establish a national demonstration program for educational performance agreements.

Several months ago I talked to a school superintendent from the town of Paramus, New Jersey. Paramus has really one of the finest school systems in our state. In fact, Education Secretary Cavazos has recently honored Paramus High School for its excellence.

One of the reasons Paramus has done so well is its creativity. Last year its superintendent, Harry Galinsky, and the school board thought they had found a great new way to help three-year-olds before they ever got behind.

You see, they wanted to use Chapter 1 money to create a model preschool program, but, you see, there are problems with the legal technicalities of Chapter 1. When Harry Galinsky asked for a waiver to create that program for three-year-olds the U.S. Department of Education had no choice, it said, but to turn him down. A great idea died, and in that district there are at-risk children today who lost out.

This is not the only time this kind of thing has happened. During the past thirty years we have talked about often fundamentally changing the way that our schools operate. There have been an awful lot of false starts, more than a Redskins-Giants game almost.

The time to hesitate is through. It is time to put up or shut up in this area, I believe. I am not usually a betting man, but this bill, I think, amounts to a wager that the Nation cannot afford to pass up.

We must be willing to bet that if schools are given more freedom then they will seize that opportunity, that they will invent daring new programs and that they will tailor those programs to the kids who need help the most.

I know it worries some people. I know there are some people who fear change, but I thought of what Abraham Lincoln said over a hundred years ago, that "The dogmas of the quiet past are inadequate to confront the stormy present, so we must think anew and we must act anew."

Today our schools are inadequate to confront the problems of the present and the opportunities of the future, particularly for our poorest children. All students, however, are being shortchanged.

The kids from Princeton, the kids from Grosse Point, the kids from Greenwich, they are lucky. They have wealthy parents who, if they don't like what is going on they pluck them right out of the

public schools and they send them to the best private academies that money can buy.

But that is not true, of course, of the poor kids. Somebody has got to watch out for those kids whether they come from Newark or Detroit or New Haven or wherever. That is why I think we have to do everything in our power to foster change in their interest.

I am very proud of the job the Federal Government has done and I respect tremendously the members of this committee for their work, but I don't think any of us can feel that is yet enough.

The current law shortchanges our children and this legislation, I believe, will make sure that our kids get a fair chance.

Governors and a number of other people have shown that we are willing to take risks in a sense so that our nation is no longer at risk. Three years ago we published "A Time for Results." It outlined the changes we believed were needed.

I helped write the National Governors Association policy on elementary and secondary education. That policy boils down to two principles. First, we have to get the money to the children who need it the most. Secondly, we must have the same high academic standards for every child no matter where he or she goes to school.

That is what we told the president at the Charlottesville summit and the president, we found, agreed with us.

In New Jersey we have already made thirty-eight education reforms that changed the way our schools do business.

Frankly, it took some doing. There was a lot of opposition but we have hard evidence now that our schools are getting better, not worse.

Two changes in particular were considered risky, and yet they are as important as anything else we have done. We chartered a new means to license teachers, the alternate route. We were the first state in the country to do that. A lot of people thought that wasn't right.

A lot of people opposed it. Our state's largest teachers' union was very skeptical at the beginning, but we went forward and now all of those people applaud the program.

We can certify bright and talented liberal arts graduates who did not happen to get education degrees, and it has infused new blood into the teaching corps. These men and women score higher than the traditionally trained teachers in the National teachers' examination.

Most importantly, to me, through this program we are now attracting more minority teachers than ever before, twice as many as we used to before when we just had the traditional teaching programs. Teaching is again respected in New Jersey.

Now, thanks to our reforms, we have four people in the state vying for every single teaching job that is open. There is no teaching shortage anymore in our state.

I was eager to start an experimental program like that but I was reluctant to carry out another program, School Takeover, because I believe local control of schools is the best control, but I believe in accountability and educational opportunity even more.

That is why I fought for three years against tremendous odds to have the right to take over districts that after six or seven years simply failed our children.

When schools fail to educate children year after year it is time we didn't blame the children anymore but perhaps blamed the schools.

This past summer we took over the educationally bankrupt schools in Jersey City, where classes were held in supply closets, students used textbooks written in 1970, the school district was documented to spend all sorts of money for jobs frankly for political cronies instead of educators.

In one case Jersey City paid a political person over $20 thousand a year and made him the supervisor of fire extinguishers.

Now we are setting priorities right in that school district. The state-appointed superintendent has put up signs that sum up our philosophy: "Jersey City Public Schools—Kids Come First."

Teachers are excited. Parents are back in the schools participating. Community people are back involved. Soon those kids will get what is coming to them, and that is a decent education.

I guess what I am saying is that providing quality education today in this country, I think, involves taking some risks. That is just what Congressman Smith's bill does.

This bill commits school districts to higher academic achievement, and in return for that we commit ourselves to giving them flexibility in dealing with Federal and state regulations. It is a trade of professional freedom for accountability.

The trade will be represented in a contract, the Educational Performance Agreement, which will be accepted by the Federal, state and local participants. Local school and business leaders, parents and teachers would fashion a long-term plan to improve the schools.

To me this is a wonderful opportunity. The Harry Galinskys of this world will be able to save the three-year-olds that they see in danger, particularly in urban areas. Reformers will have a new tool to use. Teachers will be excited, I think, by what they can do.

Now, I know that changing any law shouldn't be done lightly. Any Federal law represents the combined wisdom of Congress and of the Executive Branch.

If we change a law we must only do it for a compelling reason. Saving children who are not getting the schooling they need, to me, is a compelling reason.

Our schools were built a lot like the New Jersey state house. One wing was built two hundred years ago. Another wing was added forty years later, two other wings fifty years later, and by 1989 we have an architectural hodgepodge and one greatly in need of repair.

That is what I think we are doing right now. When I sit in my state house office I can hear the drills and hammers and we are rebuilding the house of state government in our state.

Now I think we have to do the same thing with the state's schoolhouses. The old ways are jerry-built and no longer work very well. We have to simply change and reform them.

Restructuring our schools is not done with drills or hammers. It starts with good laws. It must be done delicately and correctly. It must be done by craftsmen such as Chairman Hawkins and the members of this committee.

This bill reaches the subtle balance that we need to improve our schools in a fair and responsible manner. I believe the time has come to enact it. I believe that if you do enact it you will leave a legacy of lasting reform for our children.

This is a gamble, but it is a gamble, I think, that we simply can no longer afford to pass up.

I thank you very much.

[The prepared statement of Hon. Thomas H. Kean follows:]

TESTIMONY OF
GOVERNOR THOMAS H. KEAN
BEFORE THE SUBCOMMITTEE ON
ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION
U.S. HOUSE OF REPRESENTATIVES
NOVEMBER 16, 1989

CHAIRMAN HAWKINS AND MEMBERS OF THE SUBCOMMITTEE, I WANT TO THANK YOU FOR THE OPPORTUNITY TO TESTIFY TODAY IN SUPPORT OF THIS BILL TO ESTABLISH "A NATIONAL DEMONSTRATION PROGRAM FOR EDUCATIONAL PERFORMANCE AGREEMENTS."

SEVERAL MONTHS AGO, I TALKED TO A SCHOOL SUPERINTENDENT FROM PARAMUS, NEW JERSEY. PARAMUS HAS ONE OF THE FINEST SCHOOL SYSTEMS IN MY STATE. IN FACT, EDUCATION SECRETARY CAVAZOS RECENTLY HONORED PARAMUS HIGH SCHOOL FOR ITS EXCELLENCE.

ONE OF THE REASONS PARAMUS HAS DONE SO WELL IS ITS CREATIVITY.

LAST YEAR, SUPERINTENDENT HARRY GALINSKY AND THE SCHOOL BOARD THOUGHT THEY HAD FOUND A GREAT NEW WAY TO HELP 3-YEAR OLDS WHO WERE IN DANGER OF FALLING BEHIND.

THEY WANTED TO USE CHAPTER I MONEY TO CREATE A MODEL PRESCHOOL PROGRAM. BUT THERE WERE PROBLEMS WITH THE LEGAL TECHNICALITIES OF CHAPTER I.

AND WHEN HARRY GALINSKY ASKED FOR A WAIVER TO CREATE THIS PROGRAM, THE U.S. DEPARTMENT OF EDUCATION HAD NO CHOICE BUT TO TURN HIM DOWN. A GREAT IDEA DIED AND THOSE AT-RISK CHILDREN LOST OUT. I'M SAD TO SAY THIS IS NOT THE ONLY TIME THIS SORT OF THING HAS HAPPENED.

DURING THE PAST 30 YEARS, WE HAVE TALKED ABOUT FUNDAMENTALLY CHANGING THE WAY OUR SCHOOLS OPERATE. THERE HAVE BEEN MORE FALSE STARTS THAN DURING A REDSKINS-GIANTS GAME.

THE TIME TO HESITATE IS THROUGH. IT IS TIME TO PUT UP OR SHUT UP.

I'M NOT USUALLY A BETTING MAN, BUT THIS BILL ESSENTIALLY BOILS DOWN TO A WAGER THIS NATION CAN'T AFFORD TO PASS UP.

WE MUST BE WILLING TO BET THAT IF SCHOOLS ARE GIVEN MORE FREEDOM THEY'LL SEIZE THE OPPORTUNITY TO INVENT DARING NEW PROGRAMS TAILORED TO CHILDREN WHO MOST NEED OUR HELP.

THIS WORRIES SOME PEOPLE. THEY FEAR CHANGE.

BUT AS ABRAHAM LINCOLN SAID MORE THAN 100 YEARS AGO, "THE DOGMAS OF THE QUIET PAST ARE INADEQUATE TO CONFRONT THE STORMY PRESENT. SO WE MUST THINK ANEW AND ACT ANEW." TODAY, OUR SCHOOLS ARE INADEQUATE TO CONFRONT THE PROBLEMS OF THE PRESENT AND THE OPPORTUNITIES OF THE FUTURE.

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ALL STUDENTS ARE BEING SHORTCHANGED. THE KIDS FROM PRINCETON, GROSSE POINT AND GREENWICH ARE LUCKY. THEY HAVE WEALTHY PARENTS WHO CAN PLUCK THEM FROM PUBLIC SCHOOLS AND SEND THEM TO THE BEST PRIVATE ACADEMIES MONEY CAN BUY.

BUT WHAT ABOUT THE POOR KIDS? WHO'S WATCHING OUT FOR THE KIDS IN NEWARK, DETROIT AND NEW HAVEN?

THAT IS WHY WE MUST DO ALL IN OUR POWER TO FOSTER CHANGE.

I'M PROUD OF THE JOB DONE BY THE FEDERAL GOVERNMENT AND MEMBERS OF THIS COMMITTEE. BUT IT'S STILL NOT ENOUGH. THE CURRENT LAW SHORTCHANGES OUR CHILDREN. THIS LEGISLATION WILL MAKE SURE THE KIDS GET A FAIR CHANCE.

GOVERNORS AND OTHERS HAVE SHOWN THAT WE ARE WILLING TO TAKE RISKS SO THAT OUR NATION IS NO LONGER AT RISK. THREE YEARS AGO, WE PUBLISHED A TIME FOR RESULTS. IT OUTLINED THE CHANGES WE BELIEVED WERE NEEDED. AND I HELPED WRITE THE NATIONAL GOVERNORS' ASSOCIATION POLICY ON ELEMENTARY AND SECONDARY EDUCATION.

THAT POLICY BOILS DOWN TO TWO PRINCIPLES.

1. WE MUST GET THE MONEY TO THE CHILDREN WHO NEED IT THE MOST.

2. AND WE MUST HAVE THE SAME HIGH ACADEMIC STANDARDS FOR EVERY CHILD, NO MATTER WHERE HE OR SHE GOES TO SCHOOL.

THAT'S WHAT WE TOLD THE PRESIDENT AT THE CHARLOTTESVILLE SUMMIT. HE AGREED WITH US.

IN NEW JERSEY, WE'VE ALREADY MADE 38 EDUCATION REFORMS THAT CHANGE THE WAY OUR SCHOOLS DO BUSINESS. FRANKLY, THAT TOOK SOME DOING. BUT NOW THEY'RE GETTING BETTER, NOT WORSE.

TWO CHANGES IN PARTICULAR, WERE CONSIDERED RISKY, AND YET THEY ARE AMONG THE MOST IMPORTANT REFORMS I WILL LEAVE BEHIND.

FIRST OF ALL, WE CREATED A NEW MEANS TO LICENSE TEACHERS, THE "ALTERNATE ROUTE." WELL MEANING PEOPLE OPPOSED US. OUR STATE'S LARGEST TEACHERS UNION THOUGHT WE'D BE BRINGING GUINEA PIGS INTO THE CLASSROOM. BUT WE WENT FORWARD. AND NOW EVEN THE CRITICS APPLAUD THE PROGRAM.

NOW WE CAN CERTIFY BRIGHT AND TALENTED LIBERAL ARTS GRADUATES WHO DIDN'T GET EDUCATION DEGREES. IT'S INFUSED NEW BLOOD INTO THE TEACHING CORPS. MANY OF THESE MEN AND WOMEN SCORE HIGHER THAN THE TRADITIONALLY TRAINED TEACHERS ON THE NATIONAL TEACHERS EXAM.

MOST IMPORTANT, WE ARE ATTRACTING MORE MINORITY TEACHERS THAN EVER -- TWICE AS MANY THROUGH THE ALTERNATE ROUTE AS THROUGH TRADITIONAL PROGRAMS. TEACHING IS AGAIN RESPECTED IN

NEW JERSEY. THANKS TO OUR REFORMS WE NOW HAVE FOUR PEOPLE VYING FOR EVERY ONE TEACHING OPENING.

I WAS EAGER TO BEGIN THE ALTERNATE ROUTE. BUT I WAS RELUCTANT TO CARRY OUT ANOTHER IMPORTANT REFORM: SCHOOL TAKEOVER. I BELIEVE LOCAL CONTROL OF SCHOOLS IS THE BEST CONTROL.

BUT I BELIEVE IN ACCOUNTABILITY AND EDUCATIONAL OPPORTUNITY EVEN MORE. THAT'S WHY I FOUGHT FOR THREE YEARS AGAINST GREAT ODDS TO HAVE THE RIGHT TO TAKE OVER FAILING SCHOOL DISTRICTS. WHEN SCHOOLS FAIL TO EDUCATE THEIR CHILDREN YEAR AFTER YEAR, IT'S TIME THAT THEY GET THE "F," NOT THE CHILDREN. THE CHILDREN DESERVE BETTER. THIS PAST SUMMER WE TOOK OVER THE EDUCATIONALLY BANKRUPT SCHOOL SYSTEM IN JERSEY CITY.

CLASSES WERE HELD IN SUPPLY CLOSETS. STUDENTS USED TEXTBOOKS WRITTEN IN 1970. THE SCHOOL DISTRICT SPENT MILLIONS ON JOBS FOR POLITICAL CRONIES. IN ONE CASE, JERSEY CITY PAID A POLITICALLY CONNECTED FELLOW $25,000 A YEAR TO BE THE SUPERVISOR OF FIRE EXTINGUISHERS.

NOW PRIORITIES ARE BEING SET RIGHT. THE STATE-APPOINTED SUPERINTENDENT HAS PUT UP SIGNS THAT SUM UP OUR PHILOSOPHY. "JERSEY CITY PUBLIC SCHOOLS -- KIDS FIRST." AND SOME DAY SOON THOSE KIDS WILL GET WHAT'S COMING TO THEM -- A DECENT EDUCATION.

PROVIDING A QUALITY EDUCATION TODAY ENTAILS TAKING RISKS. THAT'S JUST WHAT PETER SMITH'S BILL DOES. THIS BILL COMMITS SCHOOL DISTRICTS TO HIGHER ACADEMIC ACHIEVEMENT IN RETURN FOR FLEXIBILITY IN DEALING WITH FEDERAL AND STATE REGULATIONS. IT'S A TRADE OF PROFESSIONAL FREEDOM FOR ACCOUNTABILITY.

THE TRADE WOULD BE REPRESENTED IN A CONTRACT, THE EDUCATIONAL PERFORMANCE AGREEMENT, WHICH WOULD BE ACCEPTED BY THE FEDERAL, STATE AND LOCAL PARTICIPANTS. LOCAL SCHOOL AND BUSINESS LEADERS, PARENTS AND TEACHERS WOULD FASHION A LONG-TERM PLAN TO IMPROVE THEIR SCHOOLS.

THIS IS AN EXCELLENT OPPORTUNITY. THE HARRY GALINSKYS OF THIS WORLD WILL BE ABLE TO SAVE THE THREE-YEAR-OLDS THEY SEE IN DANGER. REFORMERS WILL HAVE A NEW TOOL TO USE.

CHANGING ANY LAW IS NOT TO BE DONE LIGHTLY. A FEDERAL LAW REPRESENTS THE COMBINED WISDOM OF CONGRESS AND THE EXECUTIVE BRANCH. IF WE CHANGE A LAW, WE MUST DO SO FOR ONLY A COMPELLING REASON.

SAVING CHILDREN WHO AREN'T GETTING THE SCHOOLING THEY NEED IS A COMPELLING REASON.

OUR SCHOOLS WERE BUILT A LOT LIKE THE NEW JERSEY STATEHOUSE. ONE WING WAS BUILT 200 YEARS AGO. ANOTHER WING WAS ADDED 40 YEARS LATER, TWO OTHER WINGS, 50 YEARS LATER. BY 1989, WE HAVE AN ARCHITECTURAL HODGEPODGE IN GREAT NEED OF REPAIR.

THAT'S WHAT WE'RE DOING RIGHT NOW. WHEN I SIT IN MY STATEHOUSE OFFICE I CAN HEAR THE DRILLS AND HAMMERS AS WE REBUILD THE STATE'S HOUSE OF GOVERNMENT.

NOW WE MUST DO THE SAME WITH THE STATES' SCHOOLHOUSES. THE OLD WAYS NO LONGER WORK VERY WELL. WE MUST REMODEL THEM.

RESTRUCTURING OUR SCHOOLS ISN'T DONE WITH DRILLS OR HAMMERS. IT STARTS WITH GOOD LAWS. IT MUST BE DONE DELICATELY AND CORRECTLY. IT MUST BE DONE BY CRAFTSMEN SUCH AS CHAIRMAN HANKINS AND THE MEMBERS OF THIS SUBCOMMITTEE

THIS BILL REACHES THE SUBTLE BALANCE THAT WE NEED TO IMPROVE OUR SCHOOLS IN A FAIR AND RESPONSIBLE MANNER. I BELIEVE THE TIME HAS COME TO ENACT IT AND LEAVE A LEGACY OF LASTING REFORM FOR OUR KIDS.

AS I SAID AT THE OUTSET, THIS IS A GAMBLE WE CAN'T AFFORD TO PASS UP.

THANK YOU.

Mr. POSHARD. Thank you, Governor. I might ask at this point, if there are no objections, since Mr. Albert Shanker, President of the American Federation of Teachers, must leave at 10:30, if we could go ahead and let him give a short testimony at this point in time and then take questions from the committee for both panel members.

Mr. Shanker?

STATEMENT OF ALBERT SHANKER, PRESIDENT, AMERICAN FEDERATION OF TEACHERS

Mr. SHANKER. Thank you very much. I am sorry to do this, but I am due to give a report at the AFL-CIO convention. This is our last morning and I do have to get back there.

I do have a written statement, but I wish to say that there will be some extensive changes in that in the next day or two. I will submit those to you. I say that up front because the statement was put together on the basis of many of our previous policies, and I think you will see in the changes that there is a shift that is involved here along the lines that Governor Kean mentioned; that is, we are very concerned that the populations targeted in the legislation continue to be the recipients of the additional assistance. We are concerned that with a lifting of regulations local authorities may shift the resources and may not accomplish the purposes.

However, we think that that does need to be done in a way which is indicated; that is, along the lines of the spirit of this legislation, which is that we need to move toward a system that deals with results rather than a system that deals with bureaucracy and rules and regulations which essentially tie the system up and, for very good reasons in terms of trying to make sure that the right kids are targeted, prevent you actually from doing the things that you should be doing with those kids.

The extent to which this is, and indeed it does move us from a series of inputs to the discussion of what are the results, I think it is very good.

I have a few comments on the provisions of the legislation. They are intertwined. One has to do with the fact that the goals are, in a sense, negotiated among a number of groups locally.

I think that we need to be clear on what the goals are and I believe that you ought to consider a few goal definitions in the legislation.

I was very happy to see the education summit deal with this, and indeed it was a surprising and shocking and historic result but I think one that makes a lot of sense.

I do not think we can agree that everybody should read "Julius Caesar" or "Silas Marner," but I do think we can all agree that we want as many of our kids to leave school with the highest levels of reading ability possible and with the highest levels of writing ability and with the highest levels of ability to deal with numbers and mathematical concepts.

Now, there are lots of ways of achieving those, so we can still leave an awful lot to state and local control. You can get to be highly literate, a good reader and a good writer writing and reading all kinds of different things. We do not have to mandate that.

What we ought to be doing is at the end assessing those things that we want to get, because what we are g ng to get out of the system is what we test. That leads me to a few of the other things here, which deals with, for instance, increases in student performance outcomes higher than that previously demonstrated.

Well, what is now previously demonstrated, basically the only tests we have got out there are standardized multiple choice tests. That means there is no test in writing. The results show it, that only 2.6 percent of our graduating high school seniors are able to write a decent letter or an essay. Well, if we do not test it nobody is going to spend any time on it.

So the minute you say that it is going to be done on a basis of tests that are already there and have been previously demonstrated, you are knocking out writing as a mandated standard. I think that is a terrible mistake, because writing is not just a technical skill. It is the organization of ideas. It is the ability to persuade. It is thinking about what the other person is thinking and how to reach them. It is more fundamental, perhaps, than anything else, and yet that would be excluded here. So I would strongly urge that that be rethought. I would also strongly urge that even in the previously demonstrated reading the ability to guess at five alternatives on a multiple choice test does not really tell you whether anybody can read anything.

Real reading material doesn't come that way. If the world were made up of jobs where every job gave you five things to choose from, we would have the world's greatest experts. That is what our schools teach. They teach you how to select from among five alternatives that are put in front of you, a passive type of knowledge—three are ridiculous, then guess.

That is what we are going to get. You are going to get more people pushing for that ridiculous sort of thing. As long as you are changing these things, let's make the measures the things that we really want to get out of the system.

Now, that leads me to another issue here which is very closely related, and that has to do with the year-by-year assessment. I am strongly in favor of assessment. During all the years of the 1970s, when there were a lot of people who came out against assessment because kids would feel terrible if they failed a test, I appeared here before this committee to say that if a kid failed a test he should feel bad —maybe he will work harder the next time, try harder—and that the American people are not going to spend hundreds of billions of dollars without knowing what is going on, and that we need testing for research to find out what is broke and what needs to be fixed and what ain't broke.

So I approach this from a point of view as a staunch supporter of testing and assessment, but why don't you say you are going to test at least once a year?

The more often you test, the smaller the bits and pieces you are going to be testing for and the less significant they become. It is like that old saying about college specialization, that we know more and more about less and less, until eventually we know everything about nothing at all.

That is the kind of thing that you get. Also, the business that if scores decline over a two-year period the demonstration gets shut down—I do not think that is an adequate period.

I think there are a hell of a lot of businesses that try to institute new procedures and they may actually show a good deal of dislocation and loss for a two- or three-year period of time. This is kind of an indication of the short-term bottom line that American business is criticized for.

I mean, you would not do this in any other field. Would you say that you are going to cut off medical research if over two out of three years people conduct experiments and they don't come up with the answer, then we are not going to do that research anymore? They may have learned an awful lot in that two years. The third one may be the year when they come up with something. It is too short a time span.

I think the shorter the periods of assessment, the more people are going to be going for short-term solutions and short-term solutions are almost always gimmicks.

If you are going to do something that is really innovative and quite different, you are not going to get it right the first time or the second time or the third time. It takes a lot of experimentation, a lot of adjustment, and there is a certain amount of disorder and disorganization that is involved in the process of trying something new.

I think if you had a span like four or five years, that is pretty good, but if you make it two out of three where you have got to show it, what you are basically going to get is that people are going to do the same wrong things they are doing now but they are going to do them a little better. You are not going to give—what you are doing is creating a disincentive for changes that are substantial and fundamental and building in a strong incentive for continuing the same thing but doing it a little bit better.

Those are the—I think that the overall framework of getting people at the local level to come up with some new ideas and plans, getting commitments on the part of all of the constituents, combining sums of money, giving people the six-year, one-year planning and then five years of time—I think the entire framework is excellent and does deserve a demonstration, but it will end up not producing the results you want if you make them short-term or if you are not measuring the things you really want to get out of it.

You do not want to end up with kids who are good at standardized tests. You want to end up with kids who are good at reading, writing and solving mathematical problems. That ought to be what you check and not something else.

Thank you.

[The prepared statement of Albert Shanker follows:]

TESTIMONY OF

ALBERT SHANKER, PRESIDENT

AMERICAN FEDERATION OF TEACHERS

BEFORE THE HOUSE SUBCOMMITTEE ON

ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION

Mr. Chairman and Members of the Committee, it is a pleasure to be here today to discuss with you a topic of mutual concern and of national importance. I am referring to the great challenge of how to encourage state and local efforts at educational innovation and restructuring.

Our schools today are organized along the principles of an industrial factory system and are not responsive to the diverse needs of students or of society at large. In a word, many of the schools are failing, and the public is growing impatient. At the same time, it is not entirely clear how schools should be organized. We know that there should be much greater opportunity for school-site decision making, for collaborative decision making among the administration, teachers and other staff, and for incentives that will spur schools to develop innovative approaches to learning. We know that schools may need to borrow some of the positive aspects of a competitive market system. Yet, there is little real opportunity for innovation, for experimentation, to discover and test new modes of schooling. One reason for the lack of innovation is the oppressive weight of existing state and federal regulations,

which constrain attempts at restructuring and drain good people of their enthusiasm.

I would like to comment on H.R. 3347, a bill sponsored by Representative Peter Smith, and others, which proposes to encourage local school efforts at restructuring. Mr. Smith's bill would allow local school systems to pool the funds from a variety of programs and set aside some of the regulations that those funds ordinarily entail. Upon completion of an agreement between the local school system, the state, and Secretary of Education, which would stipulate alternative rules and performance objectives, the school system would be given six years to plan and carry out its experiment. If the school system consistently fails to meet its agreed-to performance objectives, its license to innovate would be revoked.

H.R. 3347 correctly attempts to maintain existing protections for civil rights, safety, and against private misuse of public funds. It also attempts to establish accountability by requiring schools to meet their own performance objectives and by incorporating periodic state evaluations of progress. Most importantly, it would relieve the weight of many rules and regulations which retard innovation. And, there is some incentive for undertaking the burden of change -- in the form of increased freedom and the likelihood of additional state funding. All of this is positive and worthy of support.

H.R. 3347 also raises some concerns. To begin, increased funding is not the solution to our educational problems, but it is a necessary part of the solution. I have elsewhere

criticized President Bush's proposal for Merit Schools as attempting to spread a modest level of financial incentives much too thinly. Given the amount of inertia in our school systems, I believe significant change is going to require large carrots. So, while the lifting of some regulations and rules is necessary to remove impediments to restructuring, real change will very likely require meaningful financial incentives. H.R. 3347 does not envision an infusion of significant financial incentives.

The mingling of funds at the local level is essentially the formation of a local block grant. During the last decade block grants were often offered at the federal level as a means of consolidating federal spending. This is sometimes desirable, as it provides funding in more meaningful amounts and allows greater flexibility in the use of the funds. However, block grants can also be mischievous. They can lead to neglect of the important federal purposes for which programs were first enacted, and they can serve as a wedge for destroying public support for those programs. However, that is not the purpose here. Yet, as I read H.R. 3347, there is no limit on the extent to which existing programs could be consolidated for purposes of restructuring. Although billed as a national demonstration program, the bill could rapidly transform most of the large education programs. As strongly as I embrace the concept of restructuring, I believe we must offer some protection to current federal education programs that were so laboriously enacted.

A related concern brings to mind the events recently unfolding in Chelsea, Massachusetts. In that beleaguered city the school committee turned over the public schools to a private entity, Boston University, and in the process greatly reduced public accountability and the impact of law and regulations. Such a transfer of authority could be very tempting in many locales, as it allows public officials to evade responsibility. This type of mistake must be proscribed in H.R. 3347. With the concurrence of a few national officials, many of whom promote privatization in the form of vouchers, tax credits, and other means, this bill could inadvertently become an engine for setting aside regulations, consolidating funds, abrogating existing contracts, and contracting out essential school services. Appropriate proscriptions against removing services from the school system must be included in the bill.

A final concern which I will mention is one of adequate protection of the special populations and purposes now served by the categorical programs that could be consolidated under H.R. 3374. It seems only right that in some aggregate sense the services rendered should not be diluted, particularly in favor of other groups or purposes. Service to populations with special needs is the central principle of federal education programs and should not be abandoned. However, encouraging innovation and restructuring in schools is also clearly an important national concern and should be a focus of federal policy.

Assuming that adequate protections can be included in

H.R. 3374, that the extent to which the consolidation of programs is allowed can be appropriately defined, and that meaningful guarantees against the privatization of public schools can be included, then I believe it is a bill which warrants support. I am confident that it addresses one of the principal barriers to positive change in the schools, the weight of restrictive regulations and rules, and for that its sponsors are to be congratulated.

Thank you for this opportunity to testify today. I will be happy to answer any questions, and I look forward to working with you in our mutual endeavor to produce the kind of school systems that our great democracy truly deserves.

Mr. POSHARD. Thank you, Mr. Shanker. Do members of the committee have questions now? In the interests of time and knowing that these gentlemen have to leave in seventeen minutes, I would appreciate it if we could give all the members a chance to ask some questions.

Anyone with questions? Mr. Chairman?

Chairman HAWKINS. Let me confine myself to the five minutes. If you know how to operate that machine, put it on so we can limit ourselves.

May I congratulate Mr. Smith for leading the revolution to which Mr. Bartlett referred. I am surprised to be involved in this revolution with my good friends on the other side and also my very liberal friend from Illinois, Mr. Hayes, and the acting chairman this morning, Mr. Poshard.

I suppose that these hearings will certainly accomplish a lot, and for that reason I am very much in favor of them.

My problem with the proposal, obviously, is based on experience. Since the Chapter 1 experience that started in 1961, we found that as time went on Chapter 1 did obtain results.

I think every school is perhaps obtaining some results, and you could show that every school, almost any school, has progressed over the previous year. Therefore the child is reading better, but probably reading at graduation at the eighth grade level, but has progressed and you could almost justify receiving the Federal money.

In the case of Chapter 1, we found that Chapter 1 was—even though it was getting positive results, it was being expended for football fields, for swimming pools, for faculty lounges and so forth and not for the improvement of the academic improvement of the children.

Therefore, we amended the Chapter 1 Elementary and Secondary Act fifteen or twenty times. I suspect that there will be some who will overlook why we have become involved in education, which obviously is a state responsibility.

It is because of the neglect that we found. We had to legislate to get handicapped children into the classrooms. We had to legislate at the Federal level to get disadvantaged children, who were picking crops, back into the classrooms. We have had to go through this process.

Now, it worries me as to which regulations are going to be suspended or altered. One of the great concepts, I think, is comparability of services. We know in this country that in every state, New Jersey and Texas as examples that there are great disparities between school districts. When you leave it to the states, these disparities are going to continue.

The state of Texas has just won a case. Hispanics in the case in Texas just won a case that has been in the courts twenty years showing a disparity almost ten to one, if I recall the ratio. It is a very high ratio. They have no remedy now and that will continue.

In the state of New Jersey, Governor, you have a disparity of more than two to one between the poorest and some of the richest districts. Now, that means that students in some districts are receiving around $7,000 and in other districts around $3,000. In

Maryland, Montgomery County has a disparity when compared to Baltimore, even a higher disparity.

Now, if in any way this or any other proposal doesn't take into consideration the concept of disparities, or whether or not the Federal money is being used to supplant local aid and not to supplement it, then obviously there is a need for regulation.

I think a lot depends on which regulations we are talking about, but to simply group Federal programs under one concept of deregulation, which the President talked about, and the governors applauded him, to me is a dangerous trend.

I think this committee has an obligation to look at this. I think we can come to some agreement with Mr. Smith's idea, because I think his motives are good, and I think we should try to see what is wrong and what is right. He has a good shell, but we have got to look at it very, very carefully and know where we are headed.

I think we have the time and I commit, as chairman of the full committee, that you will have all the resources and help that you need in order to do that.

I think that by January, you and I will be much closer together, but I think there are some real serious problems that we need to scrutinize and not just say simply, that one gimmick, which allows everybody to do what they want to do and assume that they are going to do right, and assume that that is good is not the best route to take.

I just don't go for these gimmicks. As I have said on the question of "Choice," I just don't want to waste Federal money. Now, if the local people want to do it, the states want to do it and local districts want to do it, to use their own money, that is fine, but don't take it away from the poor children who are now protected by Chapter 1, Head Start, and other Federal programs.

That is my position. Other than that, I will work with you and see if we can come to some agreement.

Mr. POSHARD. Thank you, Mr. Chairman. Response from the governor or the president?

Governor Kean. Well, the only way I could respond is to say that, first of all, I have testified to ask if you would more greatly target Chapter 1 to deal with some of those more disadvantaged children instead of spreading it out more frankly than I would like to see it spread out.

The disparities at the state level are being addressed in one state after another. The difficult is that while we, for instance, have added New Jersey just in the last three years, almost $1.25 billion under a formula that, for instance, pays for ninety percent of the education in a district like Newark and gives almost nothing to a district like Princeton, the Princeton people themselves with their own local property tax keep raising the values up, and that is why the disparities often—unless you stop that, unless you put some cap, which we have been unwilling to do and what the local taxpayers were willing to do—it is very hard at the state level to address those disparities.

Nevertheless, we are increasing expedientially the moneys available to the point at which we are number one in the country right now.

Chairman HAWKINS. May I merely suggest that the state legislature could address this issue of deregulation. The Supreme Court, ten years ago, ordered disparities removed in the state of New Jersey, and the case is now back in court. The state legislature, with the governor concurring, could address that disparity and correct it, but it is because of that disparity that the Federal Government sometimes finds it necessary to go in and make up the difference between the disadvantaged and the advantaged children.

I am just saying why should we become involved in what seems to be a local matter, which should be addressed at the local level.

Governor KEAN. Mr. Chairman, I would say I would be delighted if you would come in and address that disparity. The more money you can give to disadvantaged children right now, we will accept every penny of it and we will accept only for those districts.

Chairman HAWKINS. Yes, but not if you withdraw your local money, because then you violate comparability of services. If we are simply making up for what you don't do locally, the disadvantaged children are no better off.

We are trying to supplement, not make up the differences.

Governor KEAN. You know, I can talk with you about New Jersey. I will only say that we are doing more than any other state right now for those very same children in terms of dollars alone.

The difference is only that some of the suburban districts with their local—not with state, but with their local property tax moneys keep on raising their own dollars just as fast as we raise the moneys that we give from the state taxpayers as a whole to some of the most disadvantaged children.

I would also say, I think, that there has been a sea change since the times which you are talking about, when you, rightfully so, in the United States Congress and with your good leadership went in and addressed some of these problems that were not being addressed at the state level.

When I was first elected, I was told politically that the worst thing I could do as governor was get involved in education issues. They said it was something that you really should not get involved in because it is politically difficult and you couldn't win.

Having been a teacher and all of that, I went ahead. First there were three or four education—what we called governors who paid attention to education. Then came "A Nation at Risk" and then there were ten and then there were eleven.

Right now it is very hard, I think, in this country to find a governor, Republican or Democratic, who does not feel they have a responsibility to education, and in particular a responsibility to the very poorest of the children, who everybody recognizes is not getting an education in spite of the best efforts of either state or Federal Government.

We have found, however, an exceptional amount of creativity, even in the administrators and teachers in some of our poorest cities.

I think what Congressman Smith is trying to do with his bill and what a lot of us are trying to do at the state level is to unleash that creativity, but also hold the accountability, so that when the creativity is released we expect results to be achieved and we want to measure those results and only come up with not only Federal

but additional state moneys when we can see the commensurate improvement in the kind of skills that Al Shanker was talking about, particularly among the children who are poorest.

Mr. POSHARD. Mr. Shanker, do you have a response?

Mr. SHANKER. I agree with the concerns expressed by Congressman Hawkins. I think perhaps the answer is along the lines that the governor addressed in his first two or three sentences, and that is that we in the AFT proposed some years ago that there be special assistants to areas with a high concentration of youngsters, targeted youngsters.

A predecessor of mine used to say that anybody who buys a bottle of gin and drinks one drop a day is wasting his money, because he will never get the desired effect.

The tendency to spread out the moneys to make sure that every district gets some of it is very good and important politically, I understand that, but it also means that you do not get enough of an impact.

There is a very substantial difference, even with kids at the same poverty levels. If you are a kid who is attending a school where there are a lot of kids who are not in poverty and you are living in neighborhoods where there are lots of people around you working who can offer you a helping hand in some way or other—well, if you didn't do well in school, come on, you can be a night watchman in my place or you can be a driver or there is this opening.

That is totally different from a kid who is in a neighborhood where he hasn't seen anyone work in four or five years except people involved in various illicit dealings. Those kids do not have any helping hand.

I would say that if you dealt with those areas where there are high concentrations you would be less likely to deal with the question of whether you are going to be moving money over from targeted kids to nontargeted kids. Essentially you would be dealing with schools where all the kids are targeted and you would be giving them greater discretion in that school as to how they use their moneys.

Mr. POSHARD. Thank you. Members of the committee, any other questions? Mr. Smith?

Mr. SMITH. I have a question only if other people don't, because I get a chance to bother these gentlemen from time to time on the telephone anyway.

Mr. POSHARD. Do you have a question, Mr. Hayes?

Mr. HAYES. No. Chairman Hawkins, I think, adequately expounded on some of my thinking.

I would like to know from Mr. Shanker, you know, our Chicago school system has been categorized, which I don't agree with, as one of the worst in the Nation. I was very startled and alarmed the other day when I saw that one of the newspapers said that we are two thousand teachers short in the public school system in Chicago.

I know this does not cover that situation, but you have been talking about improvement of reading testing scores and this kind of thing.

The teacher's role is important. We need teachers who are going to be able to do that. The funds are not available at this point, it looks like.

Mr. SHANKER. It is not only a question of funds. It is a question of how many people of talent are going to be available in the next ten or fifteen or twenty years for jobs like this, even if we had more funds.

I indicated here the other day, if you will look at the NAEP results at the highest levels of achievement—that is, those who are able to write an essay or a good letter, those who are able to read something that is worth reading and those who are able to solve a mathematical problem, arithmetic but nevertheless more than one step—the percentage of kids graduating high school who were able to do those things ranges, depending upon the school you are talking about, between 2.6 and 5 percent of our graduates.

Now, all right, so we then send fifty-five percent of our graduates on to college, which means that about ninety percent of our kids who go on to college wouldn't get into any college anywhere else in the world.

Let's say that their skills improve, so maybe by the end of a college career it is not 2.6 percent who can write an essay. Maybe it is five or six percent. Maybe it is seven. Maybe it is eight or nine.

Now, we need twenty-three percent of all college graduates to go into teaching just to fill the vacancies that are normally incurring. Now, that tells us that if we continue to operate on a basis of one teacher in every self-contained classroom we will guarantee that we will have a substantial number of teachers who themselves cannot write a letter or an essay and cannot count and cannot read very weil.

Now, I take it that these are the kinds of changes that are anticipated in this legislation, that you may need to think of schools that don't have self-contained classrooms, that have one or two outstanding, nationally board certified—the governor and I both sit on the National Board for Professional Teaching Standards—together with a few people who have a lower certification, together with some paraprofessionals who have some training but are not at the level of the board certified teachers, together with getting industry to agree to have some volunteers to come in and help, especially in fields like math and science, together with the use of some technology.

We are going to need some very different structures as to how to reach kinds, because, I will tell you, there just are not enough people who can do two-step arithmetic problems around. If you took all of them that the colleges are graduating you would not have enough teachers alone, forget about what IBM needs or Hewlitt-Packard or the military or the Congress or accounting firms or anybody else.

So we need—if we really had standards in this country for hiring teachers, I will tell you, there would be a huge shortage right now, and not just in Chicago.

Mr. POSHARD. Thank you, Mr. Shanker. Mr. Smith?

Mr. SMITH. I do not have a question at this point, because I am not sure who has to leave and who doesn't, but I do have a request for both of you, understanding that you are both enormously busy.

If, in fact, you or your staffs or through your various associations you can give us some examples of responses to the chairman's concerns—I think the chairman speaks for all of us when he says that

we want to make sure, as I said in my opening statement, that this legislation and its consequence is not a retreat from the social and the civil rights and the equity commitments that this country has made to its children. That is the way I have spent my life. That is why I am an educator on vacation right now in the Congress.

So, to the extent—my observation has been that the closer we get to schools in terms of our lives, the more concrete examples we have, "for-instances" my father used to call them, of how it might work.

As you reflect on his concerns and the other concerns, Mr. Hayes' concerns and others, to the extent you could get to my office or to the committee staff your ideas and examples about how to deal with these issues as we have a conversation over the next couple of months, it would be very helpful and I would appreciate it—especially Chapter 1, P.L. 100-297. We all know where the sticking points on this are and we are not going to proceed until we have answered those questions.

Mr. SHANKER. We will try to do that. This is sort of a Catch Twenty-Two. I agree with the chairman that if you just send the money out there and if you have got poor kids and rich kids in the district, the rich kids will end up getting that money. If you have got black kids and white kids, the white kids are going to end up—I mean, we know what is going to happen in terms of local decision making power. That is why these regulations were put in in the first place.

On the other hand, every problem is the result of a solution.

[Laughter.]

Mr. POSHARD. Gentlemen, we thank you for appearing before the subcommittee today. Thank you very much.

Our next panel is Mr. Robert Holland, who is President of the Committee for Economic Development; Stephanie Robinson, who is Director of Education and Career Development of the National Urban League in New York; and Roger Semerad, Senior Vice-President of R.J.R. Nabisco, Incorporated.

If those folks could come forward.

Mr. SMITH. Mr. Chairman, I would simply like to note that in this panel, due to the howling wind we are hearing outside, Stephanie Robinson called about twenty minutes ago. She is on the ground in New York and National Airport is closed.

So I would appreciate it if we could keep the record open for ten days for her testimony to be included.

We also have a Vermont state senator who is now in Richmond, Virginia enjoying their hospitality, so I would ask the same courtesy for him, and ditto Mr. Alan Gartner and Ms. Dorothy Kerzner Lipsky, who are enjoying the company of Ms. Robinson in the La Guardia Airport lounge. They have submitted testimony today, but they may want to update it.

It is important testimony because it gets directly at the special education concerns that have been, among others, alluded to.

So I would appreciate it if the record could be kept open for ten days so these and other statements could be filed without objection.

Mr. POSHARD. Without objection. Mr. Chairman?

Chairman HAWKINS. Could I by unanimous consent request that my statement with respect to the disparity in New Jersey be cor-

rected if it is incorrect? I tried to verify the statistics. I am furnished with this by the staff.

In 1986-87 the Englewood School District spent $7,279 a student and the poorest, Monroe Township, spent $3,340, so the top district spent about $4,000 more per student in New Jersey. That is why the state is back in court.

I threw a percentage around and I did not have the precise amount—but this, I understand, is more precise.

Mr. POSHARD. Without objection, Mr. Chairman, your clarification will be entered into the record.

Mr. Holland, thank you for being with us.

STATEMENT OF ROBERT HOLLAND, PRESIDENT, COMMITTEE FOR ECONOMIC DEVELOPMENT

Mr. HOLLAND. I am pleased to be here, Mr. Poshard and Chairman Hawkins. I am glad to say my piece on this significant piece of testimony.

I presented a written statement. I believe it is before you. Let me use my oral time to call its main points to your attention.

First, concerning the unusual group I speak for here, I am Bob Holland, President of the Committee for Economic Development. I am also Co-Chairman of the Business Coalition for Education Reform, along with Bill Kolberg, who is President of the National Alliance of Business.

The organizations participating in this new coalition are the Committee for Economic Development, the National Alliance of Business, the Business Roundtable, the U.S. Chamber of Commerce, the National Association of Manufacturers, the Conference Board, the American Business Conference, the U.S. Hispanic Chamber of Commerce and the Business Higher Education Forum.

Our coalition's interest is in the quality of America's public education system. That interest is deeply rooted in the concern American business has about the impact of lower quality education on the ability of the American work force to compete in an increasingly global economy.

There is a clear consensus among our business leaders that fundamental changes must be made at all levels to insure a quality U.S. public education system. As we see it, the long run strength of the American economy is greatly dependent upon the strength of our public schools.

The Federal Government can have a significant role in changing how we provide education, even though most of it is handled at the local level. By providing the right mixture of guidance and freedom the Federal Government can be the catalyst for restructuring efforts which enable or enhance opportunities for systemic reform.

Our own management experience convinces us that a range of flexibility is needed, not only in statutes but in regulations, to allow a school or any other institution to try something new that may improve the quality of services or goods that it provides.

We believe our school systems need to experiment with some of this flexibility. We do not think progress can proceed effectively if we remain rigid in the ways we conduct the business of education.

Just as any other business wants to obtain a maximum return on its investment, the joint statement issued at the end of the summit education conference by the president and the Nation's governors stated that they, and I quote, "are committed to achieving the maximum return possible from our investments in the Nation's education system."

That phrase I just quoted comes from the flexibility and accountability section of their statement. Within that section there is agreement to introduce legislation that provides state and local recipients of Federal education dollars a greater measure of flexibility in the use of those funds. This represents a strategy to increase educational flexibility, but not flexibility without accountability.

The president and the governors say they want to "swap red tape for results," to quote them again. We applaud this concept and the efforts to act upon it.

We like the principles on which H.R. 3347 is based. As we understand it, what this demonstration program attempts to do is to allow local educators to create a structure within which children with the greatest needs can receive the best our schools have to offer in an effort to enable these students to achieve their highest education potential.

Now, we in the Coalition share the concern expressed by Chairman Hawkins here this morning and elsewhere that that extra flexibility, if it is misused, could lead to a dilution of the educational services for the very children most in need of them.

Mr. Chairman, I want to tell you, the businesspeople around the people around the country who are getting more and more concerned that schools are not turning out good future workers and good future customers are themselves going to be watchdogs right on the front lines of a lot of these local school experiments, I believe.

You will find them, I think, quick to fuss if they find the intention here to allow progress and improvement to develop to be skewed away from the very schools that need the most help in order that those youngsters can grow up and be good future citizens and good workers. So count us as numbering some of the watchdogs over the kind of concerns you express and that we share with you.

At the same time, we realize that if a critical system is going to be restructured successfully—again, I am drawing on business experience—the smart way to do a structural reform is to test it in small and deliberate fashion under close scrutiny, which will enable the concept to be continually revised and sharpened to make it the best obtainable one.

Because we are testifying in support of this legislation does not mean we are endorsing changing all education programs to block grants or asking for the deregulation of education programs.

We see this proposal as an effort to help change a system that is badly in need of change, but by means of carefully controlled demonstrations with a clearly defined purpose, tied to performance goals, and with the tools at hand to fix errors that begin to crop up if they should in this application.

As a matter of fact, we believe demonstration programs such as provided in H.R. 3347 should be worthwhile not only in the educa-

tion field, but also in some other Federal program areas that have an impact on the effectiveness of education services provided to children.

In addition, I want to emphasize our conviction of the need for more effective coordination among all those programs.

My statement points out what I think are the four strong points of this bill. They are on pages five and six. It goes on on pages six and seven to mention four more concerns, however.

First, we hope for more clarification about who will be eligible for this program.

Second, we think there needs to be more thought given to the language and examples used in the setting of goals. Al Shanker touched on a bit of this this morning. I have some more language in my written statement on that point.

Third, we think you might want to provide some more guidance to states and local districts as to what is meant in that section, particularly section 2[d], concerning the delivery of services. We think that needs to be a little clearer.

Fourth, there is no mention, we notice, in the legislation that those states which are participating will also need to initiate similar waivers of restrictions for their own state programs. I am pleased that when Governor Kean sat here this morning he introduced a statement from the National Governors Association that cites this very need. I take some reassurance from that support.

I can add more details on these if you wish. Let me say that on the whole we see this bill as a worthy step forward in encouraging a strategy of bottom-up management of the schools.

Now, while I have not yet polled all of our business coalition members on this particular strategy, I know CED favors it, I know the National Alliance of Business favors it, and I would not be surprised if all the others will and do, too, when we speak to them.

Let me say in conclusion that our coalition wants to work with educators, community leaders and government officials, Federal and state and local, to help remedy the serious shortcomings in our educational system.

We intend to keep speaking out in support of those efforts that we think make a positive contribution to the cause of revitalizing public education through systemic change.

Thank you.

[The prepared statement of Robert C. Holland follows:]

Testimony of

Robert C. Holland, President
Committee for Economic Development

on behalf of the

Business Coalition for Education Reform

before the

House Subcommittee on
Elementary, Secondary, and Vocational Education

on H.R. 3347
National Demonstration Program for
Educational Performance Agreements for School Restructuring

November 16, 1989

Mr. Chairman and other members of the Committee, I want to thank you for the opportunity to testify before you today on H.R. 3347, introduced by Congressman Peter Smith of Vermont and cosponsored by numerous members of this committee, including yourself, Mr. Chairman.

I am Robert C. Holland, President of the Committee for Economic Development. I am a co-chair of the Business Coalition for Education Reform along with William Kolberg, President of the National Alliance of Business. The organizations participating in the Coalition are the Committee for Economic Development, the National Alliance of Business, The Business Roundtable, the U.S. Chamber of Commerce, the National Association of Manufacturers, The Conference Board, the American Business Conference, the U.S. Hispanic Chamber of Commerce, and the Business-Higher Education Forum.

The purpose of this Coalition is (a) to further the dialogue on the need for changes in education policies at the national, state, and local levels; (b) to increase the actions of business people, educators, and government officials in addressing the issue of improving the quality of education for America's children; and (c) thereby to improve the quality of the future American workforce and the well-being of our future customers. The Coalition members all agree that there is an urgent need to make fundamental changes in our public education system. Each organization that participates in the Coalition conducts its own efforts in this area. The Coalition has and will continue to speak out on issues where there is a common concern and position. Coalition representatives have already done this with the Governors and the White House prior

to the Education Summit in Charlottesville, and intend to continue to participate in the follow-up activities to the Summit to help set national education goals.

The Coalition's interest in the quality of America's public education system is deeply rooted in the concern of American business about the impact of lower quality education on the ability of the American workforce to compete in an increasingly global economy. There is a clear consensus among business leaders that fundamental changes must be made at all levels to ensure a quality U.S. public education system. The long-run strength of the American economy is greatly dependent upon the strength of our public schools.

Federal and state public education policies should be designed to create conditions that give school systems, schools, administrators, and teachers the incentive to (a) improve and innovate, (b) provide the necessary educational and related services, and (c) meet quality performance standards. This means providing the freedom for local education professionals to try new approaches and strategies to attain educational goals. Fragmentation and duplication in Federal and state laws, regulations, and organizations create barriers to change at the local level and inhibit efforts to improve the management of education and upgrade educational performance.

The Federal government can have a significant role in changing how we provide education. By providing the right mixture of guidance and freedom it can be the catalyst for restructuring efforts which enable or enhance opportunities for systemic reform. Our management experience convinces us that a range of flexibility is needed, not only in

statutes but in regulations, to allow an institution to try something new that may improve the quality of services or goods provided. Our school systems need to experiment with this type of flexibility. Progress cannot proceed effectively if we remain rigid in the ways we conduct the business of education. In a practical sense, education is a business in this nation -- a very big business, a big employer, a big user of resources. This nation will spend over $200 billion in 1990 on elementary and secondary education alone. That is more than double the combined profits of the nation's 500 largest firms.

Just as any business wants to obtain a maximum return on its investment, the joint statement issued at the end of the Summit by the President and the nation's Governors stated that they "are committed to achieving the maximum return possible from our investments in the nation's education system." This phrase is quoted from the flexibility and accountability section of their statement. Within that section there is agreement to introduce legislation that provides state and local recipients of federal education dollars a greater measure of flexibility in the use of those funds. This represents a strategy to increase educational flexibility. But not flexibility without accountability. The President and the Governors want to "swap red tape for results." We applaud this concept and the efforts to act upon it.

H.R.3347 provides an opportunity -- through its demonstration program for local school districts -- to build bridges between federally funded programs, rather than maintain barriers to effective educational services. The principle behind this legislation is a simple one. It provides an opportunity for a select number of school districts to attempt

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to restructure the means by which education services are provided, as long as there is an assurance that the services required by current authorizing legislation are provided, and an acceptable local plan that proposes high performance goals and standards for those participating. In this way, local people will be responsible for the delivery of the services, unencumbered by rigid rules, as long as they meet the targets they set which are approved by the state and federal government.

What this demonstration program attempts to do is to allow local educators to create a structure within which children with the greatest needs receive the best our schools have to offer in an effort to enable these students to achieve their highest educational potential.

We understand the risks involved in attempting to change the way we have traditionally conducted the business of education. In this process we need to be particularly watchful that quality education will be provided to the disadvantaged, the handicapped, and those needing vocational training or a second chance to build skills for the workplace. But, in the long run, no one will make progress without taking a risk. Business has learned this lesson well during the last 15 years as it has tried to restructure to meet the demands of a more competitive market place -- a more global market place.

We support this legislation in principle, with the full understanding that the requirements set forth in Section 2(a)(3) and (b)(2)(C,D,E,and F) need to be carefully adhered to. We share the concern, which I understand was expressed by Congressman Hawkins, that the extra flexibility, if misused, could lead to a dilution of educational services for the very children most in need of them.

However, we in the business community realize that if a critical system is to be restructured successfully, the structured reforms need to be tested in small and deliberate fashion, under close scrutiny, which will enable the concept to be continually revised and sharpened to make it the best attainable.

Because we are testifying in support of Congressman Smith's proposed legislation does not mean that we are endorsing changing all education programs to bloc grants, or are asking for the deregulation of education programs. We see this proposal as an effort to help change a system that is in need of change, but by means of carefully controlled demonstrations with a clearly defined purpose and tied to performance goals.

I believe more and more people in the business community are grasping these issues and seeing the need to provide more flexibility within and between federally funded programs. Demonstration programs, such as provided for in H.R. 3347, should be worthwhile not only in the education field, but also in those other federal program areas that have an impact on the effectiveness of education services provided to children and youths. In addition, I want to emphasize our conviction of the need for more effective coordination between education programs and other human-resource-related programs. That coordination is particularly needed among childrens' programs.

I realize I have not spoken directly to the legislative language but to the principles on which it has been developed. Those principles are its great strength.

Let me point to three other strong points of the proposed legislation as I read it. The planning component, including goal-setting, is of critical importance, and it must have a broad base of community leadership involved in the process in order to succeed. Second, continued participation in the demonstration program by any school district is predicated on its enhanced educational performance and that needs to be affirmed by meeting goals set at the local level. Third, a state commitment of funds and staff for technical assistance, planning and development, implementation, and evaluation is called for, and that is surely necessary for success.

I want to mention four more concerns, however:

First, we are not clear about who will be eligible for the program, given the language in Section 2(b)(1). Even though the bill wants to give high priority to school districts with high poverty rates or other indices of disadvantaged status, that does not mean they will be the preponderance of participating districts. We prefer a demonstration program which allows those districts not currently succeeding to have a chance of succeeding in the demonstration. I believe the approach in this bill does that, but I hope the legislative history will make clear that such needy districts should have the opportunity to be well represented in the demonstration program if they have the will to participate.

Second, we think there needs to be more thought given to the language and examples used in the setting of goals in Section 2(d)(10). The concept of having a local planning year and a strategic plan is a good one. However, the set of examples of goals that is presently provided in the proposed legislation is very traditional and may be too

narrow. The goals in the eventual legislation should also take into account the national education goals and standards which will be set early in 1990, and the respective state and local education goals and standards, when and if they are established.

Third, you may want to provide some guidance to states and local districts as to what is meant in Section 2(d)(12 through 14) concerning the delivery of services. For example, does this include the delivery of social services to students of special populations and dropouts?

Fourth, there is no mention that those states which are participating will also need to initiate similar waivers for their state programs. If a waiver program is to be successful, there is need for coordination of policy changes at the national, state, and local level. A reduction in only the federal barriers will limit the impact and effectiveness of this demonstration effort. It would seem to be counter-productive to loosen federal regulations and increase flexibility in federal programs, on the one hand, and for local districts to be constrained by regulations of analogous state education programs on the other.

Before I conclude, let me try to sum up clearly the management strategy that underlies my comments on this legislation. Here I am drawing on the research and thinking of my own organization, CED, and several other of the organizations in The Business Coalition. Both CED and NAB have publicly supported the strategy of "bottom-up" management of the schools. This strategy views each individual school as the place where meaningful improvements in education quality and productivity can best be made. This strategy does not minimize the importance of states, localities, and the federal

government in defining goals, setting priorities, and providing resources. Nor does it overlook the role that the state and local authorities must play when schools and school systems fail to meet minimum standards.

With a "bottom-up" strategy of school management, we at CED and others believe that states should provide guidance and support to local schools by establishing clear goals and quality performance standards and by developing objective measuring tools to evaluate educational achievement. At the same time, we believe that the states should give the schools freedom to develop and implement the methods that would best achieve those goals. This also applies to the role of the federal government, recognizing that a number of federal statutes and regulations have a direct impact on the ability of states and localities to carry out their educational mission. This, we believe, is a practical operating strategy for achieving systemic school reform.

In conclusion, the Business Coalition wants to work with educators, community leaders, and government officials -- national, state, and local -- to remedy the serious shortcomings in our educational system.

The Coalition expects to keep speaking out and supporting those efforts that make a positive contribution to the cause of revitalizing public education through systemic change.

* * *

Mr. POSHARD. Thank you, Mr. Holland. Mr. Semerad?

STATEMENT OF ROGER SEMERAD, SENIOR VICE-PRESIDENT, R.J.R. NABISCO

Mr. SEMERAD. Mr. Chairman, thank you very much. Chairman Hawkins, I am pleased to once again appear before you in my new life. I want to take—right at the top I want to commend Congressman Smith for introducing "PERFORMANCE" in capital letters to the conversation.

As I think we have heard this morning, everyone agrees that it has got to become more an integral part of not only what the schools are doing but what they are doing with the taxpayers' money they receive.

Everybody needs to perform at a much higher level—students, teachers, parents and the community also. The community must demand more, must pay attention and must help.

I am pleased to join you as a businessman now this morning. We at R.J.R. Nabisco firmly believe that we are indeed a "nation at risk." However, we have to remind ourselves that American public education admirably supported a most successful industrial age in the history of this nation and was the envy of the world not too many years ago. But the industrial age, as we know it, passed into a much more integrated world economy, demanding new skills, higher educational competencies, combined with the flexibility, motivation and ability to learn and relearn throughout the work life of the future.

Long-held assumptions about our superiority and dominance are crumbling. The standards we are talking about this morning are being set somewhere else. They are not being set in America. They are being established by other nations, many of whom are our toughest competitors.

If we want to compete successfully we have to restock our supply of human capital with world-class minds. Education reform is mandatory. There really is not any choice.

We at R.J.R. Nabisco reviewed everything that has been written. We discussed all of the studies and all of the data with experts. We argued amongst ourselves and finally determined that we needed to try to underwrite change now.

We also came to the conclusion that what needs to be done to fix education in America is more than likely being done today somewhere in America, but we need to make these examples the rule rather than the exception.

Our chairman, Lou Gerstner, likens this to guerrilla warfare—town by town, school by school, student by student.

Three weeks ago we announced a major corporate commitment to helping our schools change, to develop our next century schools, and that is what we called it. It is a five-year, $30 million challenge grant program directed to individual schools—the educational entrepreneurs, if you will, the risk takers—those principals, teachers, parents who for a long time, too long, have been swimming against the tides of bureaucracy.

We hope by this program to increase the pace and level of educational attainment of all students in existing schools, and we have

included rigorous performance standards, goals being set at the school level, not against national norms but at the school level, up front, to determine over the course of these programs whether or not they make a difference.

Now, I have to justify spending the money. The schools have to justify having received the moneys—basically the same goals that are proposed in H.R. 3347.

In establishing the Next Century Schools we were really the beneficiaries of the wisdom and intellectual support of an outstanding group of public officials and educators—Al Shanker and Governor Kean, by the way, are members of our board—and businessmen who I think share a common frustration themselves and a common frustration with you about the slow pace of educational change, even though there is incontrovertible evidence supporting the fact that our workers and our students really do not measure up very well today.

Your introduction of H.R. 3347, in trying to promote performance standards, really is very timely and very necessary. We think that Next Century Schools as a corporate endeavor really complements what is possible under these performance agreements.

I think that it is also important to keep in mind what the state of North Carolina has done recently in what they call Senate 2, which authorizes the superintendent of instruction to waive all rules and regulations for innovative programs at the school level in that state, again freeing up another barrier to change that school administrators and teachers have been bumping up against for some time.

We think that is a most fortuitous event. We cannot take credit for it, but that in combination with this legislation at the National level may begin to provide the kinds of movement that we are all looking for.

My only questions, really, with the educational performance agreement as written—I would like to associate my concern with Mr. Shanker's remarks on standards and how we are going to determine them, but also I think incentives are fine.

I must admit to a certain amount of skepticism whether or not state education bureaucracies will sit still for change, let alone willingly encourage it. I certainly hope so, but I think we have to be circumspect in whether or not that is going to happen or not.

If we can give some leverage to the change agents out there—you and your colleagues in the state legislatures can make it legally possible and budgetarily feasible to try revolutionary ideas and impose real, serious goals on them—we, meaning all of us, just might be able to put American public education on an exciting path to the twenty-first century.

I just would close with the best thing that has been said to me in the last couple of weeks, maybe ever. It was by a school principal who was excited about the prospect of the Next Century Schools initiative. He said, "I would really like to just throw the book out, throw it away, and start over from scratch."

Well, we are hoping to try that with your kinds of programs. Maybe if that is successful we can get a movement going in this country and get it on the right track.

Thank you, Mr. Chairman.

[The prepared statement of Roger Semerad follows:]

HONORABLE ROGER D. SEMERAD

REMARKS TO THE COMMITTEE ON EDUCATION AND LABOR
SUBCOMMITTEE ON ELEMENTARY, SECONDARY
AND VOCATIONAL EDUCATION

November 16, 1989
2175 Rayburn HOB

Hearing on: H.R. 3347, The National Demonstration Program for Education Performance Agreements for School Restructuring

Mr. Chairman, Chairman Hawkins, Congressman Smith,

I commend Congressman Smith on introducing "performance" legislation, H.R. 3347. As far as education is concerned, we all need to perform at a much higher level that includes students, teachers and parents. The community needs to demand more, pay attention, and help this process.

I am very pleased to join you this morning. We at RJRN firmly believe we are indeed a "nation at risk." However, we must remind ourselves that American public education admirably supported the most successful industrial age in history and was the envy of the world, not too many years ago. But, the industrial age, as we knew it, has passed. We are now a much more integrated world economy demanding new skills, higher educational competencies combined with the flexibility, motivation, and ability to learn and re-learn throughout the worklife of the future. Long held assumptions about our superiority and dominance are crumbling, and the standards of performance, you and I hope for, are not being set in America. They are being established by other nations, many of whom are our toughest competitors. If we want to compete, we must restock our human capital with world class minds.

Education reform is mandatory - there is no choice.

We at RJR Nabisco reviewed everything that has been written on the problems with our education system, discussed the problems with experts, argued amongst ourselves, and ultimately determined to try to underwrite change NOW!

We also came to the conclusion that what needs to be done to fix education in America, is being done today, somewhere in America. But we need to make these exceptions, the rule!

Lou Gerstner, our chairman likens it to guerrilla warfare - taking town by town, school by school, student by student.

Three weeks ago we announced a major corporate commitment to helping our schools change - to develop our NEXT CENTURY'S SCHOOLS. The $30 million NEXT CENTURY SCHOOLS fund is designed as a challenge grant for schools willing to take risks in order to improve education at the grassroots level.

By forging a partnership between public education and private business, RJR Nabisco is hoping to encourage and support radical change in K-12 schooling. The challenge is to undertake bold reforms to improve education for individual schools based on their specific needs.

To do this, NEXT CENTURY SCHOOLS is providing $30 million over a 5-year period. We will make three-year grants ranging from $100,000 to $250,000 a year to elementary and secondary public schools.

The fund will make 15 grants in the spring of 1990 for fall start-up. Applications will be accepted nationwide, but preference the first year will go to applicants from North Carolina and one or two other locations. North Carolina is home of three of RJR Nabisco's four operating companies.

In the second and third years the program will make grants to a much larger number of schools in urban, suburban and rural districts throughout the United States.

Criteria for awarding grants include: a broad-based commitment to reform shared by parents, teachers and the community as a whole; commitment of matching resources; prospects for improving student performance; and a plan for sustaining and expanding the program once it proves successful.

Quite often we read stories about the "local heroes," those individuals who really are making a difference in their schools. It is those individuals, and others like them who we are trying to attract to this revolutionary funding proposal.

RJR Nabisco is concerned about the future of education and hopes that this partnership will provide a substantial impetus for change. NEXT CENTURY SCHOOLS will look for teachers, principals and community groups with bold and innovative ideas and strategies -- risk takers -- and give them a chance to put their ideas into action.

In establishing NEXT CENTURY SCHOOLS we were the beneficiaries of the wisdom and intellectual support of an outstanding group of public officials, educators (Al Shanker and Governor Kean, among them), and businessmen who, I think, share a common frustration with the slow pace of educational change - even though incontrovertible evidence is well documented that our young workers and students do not measure up.

NEXT CENTURY SCHOOLS grants will be made by a 17-member board to be chaired by Mr. Gerstner. The Board members include: Lamar Alexander, former governor of Tennessee and currently president of the University of Tennessee; Bill Clinton, Governor of Arkansas; Keith B. Geiger, president of the National Education Association; Dr. Patricia A. Graham, dean of Harvard University's Graduate School of Education; Vernon E. Jordon, Jr., partner, Akin, Gump, Strauss, Hauer & Feld; Thomas H. Kean, Governor of New Jersey; David T. Kearns, chairman and CEO, Xerox Corporation; Ann McLaughlin, former Secretary of Labor in the Reagan Administration and now visiting fellow at the Urban Institute; Albert Shanker, president of the American Federation of Teachers; Richard I. Beattie, partner, Simpson Thacher & Bartlett; Dr. Pat Choate, vice president, TRW's Office of Policy Analysis; Dr. Denis P. Doyle, senior research fellow at the Hudson Institute; Richard E. Heckert, former chairman and CEO at E.I. du Pont de Nemours and Company; William B. Johnston, vice president of the Hudson Institute; Dr. Floretta McKenzie, president of the McKenzie Group; and myself, Roger D. Semerad, president of the RJR Nabisco Foundation.

Our goal is to nurture risk taking, not to reward entrenched conventional wisdom. This means NEXT CENTURY SCHOOLS will be associated with exciting concepts and ideas that don't get the expected results. We may also fund controversial strategies and programs -- ones that ruffle feathers and raise eyebrows, but that produce results.

We want to increase the pace and level of educational attainment. The same goal you propose in H.R. 3347.

Your introduction of H.R. 3347 - trying to promote performance standards is very timely and necessary to the overall process of education reform. To encourage local education agencies to effectively measure student performance and give them the regulatory and budgetary flexibility to do so, places a premium on attainment of excellence, not just exceeding "the norm." If this legislation could really generate participation of parents, business, and community representatives, with teachers in establishing goals for the young people, a giant step forward would be made.

My reading of the proposed legislation suggests that the performance standard would be determined at the local level. That certainly is desired if the resulting levels of attainment are significantly higher for all students. The current practice of teaching to the least proficient student, cheats all students and deadens the enthusiasm of teacher and student alike.

My other reservation is whether state education bureaucracies will encourage this kind of change, even with incentives, but without massive new funding. For federal funds, perhaps some bonuses for planning, implementation of performance standards and then documenting student gains would be in order.

I would also call the Committee's attention to recently enacted legislation in North Carolina (Senate 2) which authorizes the superintendent of public instruction to waive any state regulation which would preclude implementation of innovative education programs at the school level. This is a radical step and one which will drastically improve the chances of success of North Carolina's NEXT CENTURY SCHOOLS.

We believe our NEXT CENTURY SCHOOLS initiative really complements the intended goals of the Educational Performance Agreements for School Restructuring Act. If enacted, educators might be able to breakdown some of the barriers currently retarding reform efforts.

If we can give some leverage to the change agents out there and you and your colleagues in state legislatures make it "legally" possible and budgetarily feasible to try revolutionary ideas - we (all of us) just might be able to put American public education on an exciting path to the 21st century.

Thank you.

Mr. POSHARD. Thank you, Mr. Semerad. Questions from the committee? Mr. Martinez?

Mr. MARTINEZ. I don't know as I have so many questions as I have more thoughts and statements. You might react to those.

You know, it seems to me when I started school in 1934 the schools had plenty of flexibility. That flexibility only resulted in people like myself being denied educational opportunities. We were sent into a system where we would sink or swim. We maybe came from a home where English was the second language. There was no consideration given to those children.

Then a lot of them even sit today in places like I am and say, "Hey, it wasn't too bad. I made it, didn't I?" Well, I made it here, but I am not so dumb that I don't realize that there are a lot of them that didn't, that I left them behind somewhere, because I was able finally to overcome those disadvantages.

That still exists today. I think that, except for the lack of imagination on school boards, there is no reason why they cannot be innovative and creative. In fact, there are innovative, creative, and effective schools.

We visited Mr. Goodling's district in York, Pennsylvania, where I listened to a superintendent of schools—excuse me, I keep calling him superintendent of schools and he is not. He is the secretary of education of the state, is he not, Mr. Goodling?

Mr. GOODLING. Right.

Mr. MARTINEZ. He talked about something that really is not a realized nationally. One of the reasons successful programs throughout the country, and there are plenty of them, are not emulated anywhere else is because there is no networking of information. So-called flexibility will result in local school boards with their own biases and prejudices determining what they are going to teach and what they are not going to teach and to whom they are going to teach it and to whom they are not going to teach it, regardless of who benefits or does not benefit.

The point is that in that hearing he talked about ways for students to learn and ways to teach never being linked. That is the key.

Some learn by reading. Some learn by sight. Some learn by doing. There are countless thousands of ways.

Nobody ever takes the trouble to assess the kid at an early enough age to see where he is falling down and giving him help in that area.

My son, my oldest son, was having problems reading. Nobody in the school took the time to determine why or what was creating the problem. We sent him to a special class because we were concerned parents. One section of this legislation states that the parents are able to better determine what their kids need at a local level: it is often not true in poor neighborhoods.

Most of those parents do not have a good education themselves. Evidently whoever wrote that statement never lived in East L.A. or in Watts—we must understand that people from low economic backgrounds, often struggling just to make a living, just do not have the time and do not have the education themselves to encourage their children or to take the time to show their children or teach their children or lead them the way.

I am fortunate that my parents were partly educated and that I obtained an education and that I was able to make sure that my children were fully educated. But that is the exception in poor neighborhoods, not the rule.

I am not too sure that, other than encouraging them to determine for themselves how to best use the programs that they have in place now, that we are really going to do anything by saying, "You can have the flexibility to put all of these different programs together and use the money as you see fit," because some of those things will not be done.

I know several school districts, even in my own area, that would not be teaching bilingual education if it was not mandated to them to teach it. They would not.

In one school district right in the city where my office is there is a particular school board member who has a lot of influence who says, "Bilingual education is a bunch of crap. When I came to this country as a young person"—and she is Asian, not Hispanic—"I did not speak the language. And look at me today. I sit on the school board."

The truth of the matter is that she made it in spite of the handicap and she does not realize it. Maybe she had an extra special capacity that the average person does not have.

When we talk about what we are going to do to improve the schools, the one thing we have to understand, if somebody says don't throw money at the problem, is that you need money to solve the problem. Not long ago in California *Serano* v. *Priest* proved that in Baldwin Park, where the recent SAT scores and the level of education was so low, it was because they did not have the money to spend on the students. In Beverly Hills, a wealthy community, the parents come forward on a voluntary basis and contribute extra dollars to the school curriculum and extra programs.

In those poorer districts for a period of time extracurricular activities, like sports and band and things like that, were cut out because there was not the money to provide for those activities. They never cut them out in Beverly Hills. Those are enriching programs, too.

So I get a little frustrated sitting here and listening to people say that people on a local level have a better understanding and knowledge of how to correct their situation.

If they do, they are not using it, but in a lot of cases it is just because they don't. In a lot of cases it is because our system is one of local control, where local the school board determines a lot of the policy, and they elect the superintendent of schools, and that superintendent of schools, if he is innovative and creative, will create the innovative and effective programs in that school district and give direction and pride to that school district. There are some that have.

Two of my children went to Garvey Intermediate. They had some of the highest standardized test scores in the Nation because the principal there was very innovative and very creative and the superintendent of schools went along with it.

So the possibility is there, but one thing we have to understand—we can't just say, "We are going to fix this situation unless it costs too much."

There are members in Congress today that believe that the only reason the Federal Government exists at all is for defense: to provide for the common defense. They say the Constitution says so. They ought to read the Constitution again, because in the Preamble it says a lot of other things, like "promote the general welfare."

I don't know how you do that without providing people with an education so they can take themselves into any kind of career they want or any kind of vocation they want, so they can earn at least a reasonable standard of living.

So I really get frustrated. I see us enacting new legislation and yet we have enacted a lot of legislation that would do a lot of good if we would put the money into it. But we don't put the money into it, because all of a sudden the bottom line becomes, "Well, how much can we spend?"

If we can spend $660 million on a B-1 bomber that finally got to fly, we can sure as heck spend some money on education. We have not spent the kind of money on education that we need to.

One time a long time ago—I will never forget it—my chairman Mr. Hawkins was in the well of the House talking about the difference in defense spending and education spending. The difference was pathetic, pathetic.

Then there was a member that took the well the next day, defending himself because Mr. Chairman used the example of two members of Congress and what they voted for as to who was really a big spender. That Congressperson said that the only reason for the Federal Government to exist at all is to provide for the common defense. As long as we have a mentality in Congress like that, education will suffer.

Thank you.

Mr. POSHARD. Thank you, Mr. Martinez. Do either of you wish to respond?

Mr. SEMERAD. Well, first of all, we don't have enough time today to defend school boards. I am pleased that today I do not have to defend any budget numbers, rationales or whatever.

I do think that your points are well taken. We feel very strongly that there are an awful lot of school principals out there who, indeed, if they had the freedom—and our program, for instance, is directed to the school, not the superintendent, not the state, to the school. There are schools out there that have shared commitments of parents and the teachers and the principals that do—on the assumption that they know what is best for the young people in their school and their community.

We have to start someplace, because if you don't then you end up with nothing that we have confidence in. I am not prepared to accept that. I think, as you say, there are lots of very good schools, lots of very dedicated people out there and they need resources.

We are trying to give them the leverage. This legislation, the kind of legislation that North Carolina just passed, maybe will give them the flexibility to do some of those things and use what money they have more effectively to help those young people become productive citizens and also to overcome really what I think we would all agree is a certain degree of stagnation.

Our program will go urban, suburban, rural. It will not be just pouring into one kind of school. So we are very conscious of the

fact that there is a diversity of schools and there are diversities of young people that need a whole heck of a lot more.

We cannot solve it and I am not sure that the Congress can solve it, but we need to get moving.

Mr. POSHARD. Gentlemen, let me pose a question to you. I am going to talk like an educator here for a minute. It is something that concerns me.

All of us who have been involved in the education community know that in educating our children there is a cognitive side and there is an affective side, the one having to do with learning the basic fundamentals of any discipline and the other having to do with the emotion side of that, citizenship, sensitivity to values, all of those kinds of things.

From the point of view of the business community and your participation in helping to establish common goals and objectives and so on in working with local school districts, generally you are viewed as a producer-oriented group of people. You are more concerned about that cognitive development than you are the sensitivity to societal values and that sort of thing.

Is that a danger here?

Mr. SEMERAD. We do not think so in our company. I think that business more and more is becoming aware that they cannot deal with—that it is not just their supply of workers with the skills they are going to need to service their customers or manufacture their products.

I think more and more the quality of the community, the general quality of democracy, I find, the whole American democratic experiment is very fragile. We have seen it over and over again. We are still learning it, but it certainly requires a literate citizenry to participate fully and people that feel fully invested.

We have had this conversation in years past. We have to do a better job with education and training so we get more and more of our people into the game. Now we do not have the luxury of these enormous surpluses of people that we have enjoyed in this country for a long time. We need everybody.

So the conversation has shifted. I think we have to shift with it. We have to understand that moral obligations and great social commitments and everything else are wonderful, but now we are really down to or getting to—we have got maybe a ten-year window of opportunity, if you will—but we are getting down to it now. We have got to fix it now.

I think anything—this legislation, our business participation in the schools—anything that enhances the educational experience and accelerates it and makes it fun and makes it worthwhile, that young people will understand the connection between algebra and the discipline that that implies and success in the work place.

I mean, it is astounding. We do not have to recite all of the data, which are all horror stories. I think that the business community is ready to invest. I think we are just beginning to get going. It is much broader.

It is self serving, because we know that if we do not have the workers and we don't have the customers and we don't have the communities we are out of business.

Mr. POSHARD. Mr. Holland?

Mr. HOLLAND. R.J.R. Nabisco has just given a dramatic demonstration in this big, new program of theirs of how far business thinking has moved among the enlightened leaders of American business, from where they were when I was in school fifty years ago and what went on inside that school building was not thought to have any effect at all on the businesses up and down the street.

Fifty years of learning, of civil rights legislation and broadening appreciation of the need for the community to enthuse together, the changes in the demography that are giving us this increasing scarcity of qualified people and that tough international competition—all that kind of stuff is waking up anybody who really cares about the American economy.

Anybody who cares about American business has to recognize that he or she can't just sit there and figure that there is going to be a continuing stream of well-qualified workers at reasonable wages and low side cost to come in and work for them, and there are plenty of people to sell them to—that just won't happen if we let schools stay as bad as some of the ones that you are pointing to, Congressman. We have just got to change.

Now, when it comes to the kinds of changes we are talking about, Mr. Chairman, we in CED speak in terms not only of—I will put it this way. We speak not only in terms of the cognitive courses that are held, but in the invisible curriculum that needs to be taught inside the schools.

I am not just trying to distinguish between the hard sciences and the liberal arts, but between what a school teaches about how to get along, how to relate to other people, how to work together, how to communicate with other people back and forth, how to learn, how to keep on learning in this world that is changing so fast nowadays.

That kind of thing—not all educators are yet sure how to create it, but we in the business community are sure that that is the kind of qualifications that increasingly we are needing and the people that are going to be a part of our work force today and tomorrow and the next day.

So you will find, I think, the kind of documents written by the organizations that are part of this coalition speaking more and more about that breadth of education, learning creativity, adaptability and good citizenry. All this is part of what we need.

Mr. POSHARD. Thank you, sir. Mr. Goodling?

Mr. GOODLING. Just a brief comment. First of all, I don't care about business' self serving ideas. As far as I am concerned, business may be self serving but those youngsters are going to get a darned sight more than they have ever gotten before, and that is what it is all about. We give them an opportunity to get into the work force and really enjoy this country.

Having sat through two days of a symposium and the testimony thus far, I think we as a committee have to do something. We have to rise above this idea that somehow or other Head Start is the greatest thing since motherhood and Chapter I is the greatest thing since apple pie and ice cream—a darned sight better than anything those kids ever had before, but I will guarantee that if it doesn't get a darned sight better than it is those kids are not going to make it.

So I think we just have to find ways to make both of those programs much, much, much, much better than they presently are or we are denying those youngsters. I mean, just the schools the governor talked about having to take over as a state were exactly the schools who received the most Chapter I money, Head Start money, et cetera, et cetera, the schools in the area, of probably his entire state.

So just the fact that we pour that money in may have given them something more than they ever had before, but we have a lot more to do. I hope we can find ways—and if some kind of flexibility is some way to help that, I want to do it, because we are not serving children at the present time who are most in need nearly as well as we are going to have to if they are going to be successful in life and enjoy life as many of us do in this country.

I thank you for the part business is playing, because I have told educators for the last five years, "You know, we as educators should be driving this whole thing and we are not. It is business that is really driving the reform and the improvements, et cetera."

I hope that we as educators will catch up with you pretty soon and the end result will be that we will certainly have a better education for those most in need. Those who aren't quite in need will make it anyway, but for those who are in need we have to do a better job than we are presently doing.

Mr. POSHARD. Questions from other members of the committee? Mr. Chairman?

Chairman HAWKINS. Let me also commend the Committee for Economic Development and the Coalition that Mr. Holland referred to.

No group has contributed more to education, at least in the eyes, I think, of this committee than that committee.

Mr. HOLLAND. Thank you.

Chairman HAWKINS. I am very appreciative of the statement made by Mr. Holland that they will be monitoring this or any other proposal.

I guess my question, Mr. Holland, is this, and Mr. Semerad may want to respond also since he is from the business community.

For two years, we worked on the School Improvement Amendments, which incorporated accountability—a very strong accountability provision. That in itself requires monitoring. However, it isn't being enforced. It is not being implemented.

I am wondering whether, if we are not monitoring what we already have on the statute books to provide for school improvement and to hold the schools accountable, whether or not we are going to do it with respect to any other new proposal. We do not need any new proposals if we implement what we already have.

It worries me, because the business community stands to lose a lot in the first place—all of us stand to lose if we do not educate the children. I think it is pretty obvious that eighty-five percent of those entering the labor market, not after this century, but in the next decade, beginning next year, will be minorities, will be immigrants, will be those desperately in need of being given the skills to become productive.

Yet, we have not implemented the very amendments that would provide the means of holding schools accountable for educating

those children. It worries me to no end to see other countries moving past us and we are falling behind because we do not implement what we already know and what we already have on the statute books.

When I see members of the business community grasping at something like "choice," embracing ant idea which has never been analyzed, never been evaluated—we have no idea what it will do—and then passing up the opportunity to provide the means of educating those that will go into the labor market, go into national defense and so forth. We are doing nothing in regard to the teacher shortage. Current law has provisions which would remove that problem or at least train and retrain teachers enabling them to get into the labor market.

It just seems to me that the future is bleak if we do not do something about the implementation of current law. Mr. Holland, I would like to get an opinion from you because I value that opinion.

Why is it that the business community is not saying, "We can do things now about accountability and we can monitor," because this committee would love to have some help in monitoring the education programs. We cannot do it alone. We have got to look for others to assist.

We look to the PTA, to teacher groups, and others, when I think the business community could be of tremendous help to this committee. I think we are seeking your cooperation and help.

Maybe this new idea is good, but there are also provisions currently on the statute books where we could use your assistance. When we see you going off into an opposite direction, embracing ideas that you have not evaluated and nobody else has evaluated, and that certainly is not in the law itself, then it worries me.

I don't know how we can convince you to work with us to do the job that I think has to be done to best benefit you, the business community, as well as the rest of America.

Mr. HOLLAND. Thank you, Mr. Chairman, for putting it that pointedly.

I think one of the things that is going to help is the kind of dialogue that we are having back and forth across this kind of table, you calling your concerns to our attention and us giving you judgments and experiences as we go along.

I think I ought to say very clearly that, in effect, business has gone to school on this school problem. Working hard and intently on school issues, local and state and national, was not a major occupier of school business leader time ten years ago or fifteen years ago.

What we have done——

Chairman HAWKINS. Mr. Holland, may I apologize? I have a very urgent call from the speaker and I have to respond.

Mr. HOLLAND. Let me write you something, may I, or come back over and talk to you about this later on, because I would like to continue.

Chairman HAWKINS. We would be delighted. I, with the ranking Republican leader, would like to sit down with you and go over the point that I raised, because I think it is most important. We appreciate the Business Coalition and what the Committee for Economic Development has done and certainly value your opinion.

I hope that we can have that type of dialogue.

Mr. HOLLAND. We value yours, sir.

Chairman HAWKINS. Thank you.

Mr. POSHARD. Mr. Smith?

Mr. SMITH. Thank you, Mr. Chairman. Two or three things—first, with the two of you here and representing in some rough way the business community, I just want to point out to you in the form of stating my appreciation for Representative Poshard's assistance. He is the primary cosponsor of this bill. It is interesting, he and I, for better or for worse, came to this committee at the same time from opposite sides of the aisle, both sharing background in education.

I just want to make sure that as you go back and talk about who you will be communicating with here, and clearly the leadership of the committee are the key people for you to be communicating with because we are going to get this done all together or not at all, but at the same time please understand that this gentleman who is running the hearing today has been enormously helpful in this idea so far and I appreciate it very much.

Second, Mr. Holland, I would tell you that in terms of your point about the state role, we just went back and looked at H.R. 3347 and, in fact, we have stated it differently. It is in there. We absolutely concur, and I just want to tell you that we will, I think, as a result of your comments and my understanding of Chairman Hawkins' concerns over the last few days, state it far more boldly.

My conviction as one who has taught, been chairman of a local school board, worked in a state department of education, started a college and done all sorts of other horrible things, is that if the states are not committed to playing an active role in this kind of a change effort, then it will not work and that, in fact, the ability of a school district to have such a demonstration program in a state would be contingent on the state governors and department of education stating that they were on the hook also, not only in the assessment in the goals areas but also in the waiving of rules and regulations area.

I mean, you cannot have one without the other. We do not intend that—it would not work educationally and it would not work politically.

So I appreciate your bringing it up. We are going to look and we will make sure that it is more explicitly stated.

Mr. Semerad, I would only thank you for being here. I understand you have had a fairly extensive travel schedule the last few days and I am only glad you came home yesterday instead of today.

If you would be willing to submit a statement for the record and part of it would just be an articulation of the R.J.R. program, the criteria you are using, the kind of thinking you have done, we would appreciate it.

Finally, in response to the conversation that has been going on, I would simply say two or three things about H.R. 3347 in an attempt to encourage your continued thought about it, because obviously we are involved in a conversation here that is going to go on, I hope, for a few months, not a few years, but anyway it is going to go on.

The first is that when we, in my state of Vermont and in, I think, ten other states, went out and asked teachers what was the single greatest obstacle to their being able to do the job in front of them, or the two or three—this was about four years ago—we found consistently across the country, urban and rural, it didn't make any difference where you went, two things.

One was building leadership and two—actually, the highest one—was time. They said again and again and again that they were forced to put their time into activities, filling out forms, going to meetings, just doing all sorts of things, and then they were forced to use their so-called professional time in the classroom doing things that were not special or specialized at all, and that if they were able to do some redesigning they could get far better time on the tasks that only they as a professional person could do.

One said, "It is like asking a doctor to wipe somebody's forehead all day."

So I would ask you as you think about this, to think about different time management models and whatever.

One of the ironies of this, and I go back to when I started the community college system in Vermont, where we found that people who had been poorly served or not served at all by the higher education system in the state—we had more higher education per dollar per person per square foot than any other state in the union at that point, and still enormous numbers of people were not being served.

They were the people who were willing to take a risk on a structure that was radically different from any other college structure in the United States at that point and to help us with an experiment.

So to the extent that as you go out in your programs and you are thinking you can find any information about who is willing to participate and why and other parallel examples that will help us get at the point that Mr. Shanker was making earlier—we tried to be quite conservative about the assessment and the evaluation part of this. Mr. Shanker comes in and blows that all up and says, "If you do it that way you are going to lock in mediocrity again."

So, again, as you are out there, if you hear examples or studies, I think it would be very helpful to us.

Finally, I would like to say that my concerns as evidence about the regulation side of what would happen in this legislation, I am trying to get around something that I think has been a fundamental and negative reality in American education since we started the program.

The one that I will think of, the longest term one, is vocational education. If you go back and read the history, and again I ask you for any input that you can give us starting on this one with your comment today, effectively my understanding is that when our schools first began to attract a diverse mix of students, which was after the turn of this last century, and between 1905 and 1915 we really began to get, still small percentages, but numbers of kids that were diverse and were not automatically winners or kids who were going to profit from the school system, the enlightened thing to do was to create a separate program called vocational education.

This did two things. It got them an education and it also got them out of the classroom and got them into another place and made life easier.

As a member of a school board and a teacher I have seen, unfortunately, the same things happen with 94-142 and with Chapter 1. They become not simply the step up that we intend them to be and want them to be, but they effectively become traps into which children are assigned, out of which children cannot be taken because the local and the state authorities are afraid of being in violation of or evaluated as wanting in terms of the Federal, even if that was not the intention of the Federal legislation.

So you have incredibly constrained behavior that works against the best interests of children at the local level as a result of these sort of cones of authority and responsibility that are initially set at the Federal, then reinforced at the state, and they get worse, it is my experience in too many cases, at every level as they go down.

So to the extent, again, that as you are in your thinking or as you are looking at other schools and seeing ways and examples where schools are trying to use those programs for what they were intended to do, obviously, the examples of flexibility that work—it would be very helpful to this committee to get them.

Mr. POSHARD. Gentlemen, let me say before you respond, if you respond, that in the interests of time, since some of us have other appointments at twelve o'clock and we have another panel yet to go, I am going to ask both the members and the panelists to keep their answers very short. We just do not have a lot of time left.

Do either of you want to respond?

Mr. SEMERAD. I think, one thing right off the bat, that this competition that we are starting is going to surface a lot of principals and education groups that are willing—hopefully doing things right within the law today and hopefully want to try new things.

I think accountability is built in, going back to Chairman Hawkins' question. Clearly we are going to have to—the winners are going to have to demonstrate that they have an understanding that this is not just a frivolous exercise in giving away corporate money. They are going to have to establish their goals.

It will be monitored and evaluated not only by school but across state lines once we get a little nucleus of schools and states together that are trying this Next Century Schools initiative.

We are going to watch that very carefully. I mean, I think that the standards here are standards of business. I have to show results, positive results, and productivity. I cannot just dump this money and pat myself on the back. I think that that is the difference.

I think we have to be careful of the Lake Woebegone principle, you know. In each of our neighborhoods the men are good looking, the women are smart and all the kids are above average.

I think we have got to understand that there are children at risk, children that need more virtually in every community in this country.

Mr. HOLLAND. I might just say to Congressman Smith, I hear your call for information and attention as we move ahead in our activities. We will keep you very much in mind.

I will say to both of you and to Al Shanker, who has already left, I think this teacher shortage that we have out ahead of us—we have got some now and it is going to get a lot worse. It is a very serious problem.

We and others are looking at this through other avenues, as well, but there are simply a lot of different places we have to be working here at the same time in order to achieve the kind of move away from the status quo at a rapid enough rate of improvement to really give this country what it deserves, and that is a good school system.

On the subject of choice that Chairman Hawkins raised, I just want to reaffirm here what other CED spokesmen have said other places—we do not think choice is a panacea. We think it is a worthwhile thing to try. We do not think it solves the problem. We think it is going to take a lot of effort and a lot of learning and some mistake making and correcting and feedback, and also more money to help fix it, but we see most of that money needing necessarily to come from the local and state level.

I think you will find more and more businesspeople coming to understand the importance of standing up and paying some more taxes for better education. They will not pay them, I do not think, for bad education or for wasteful education, but for good education I think you will find more and more willing to pay the bill.

Thank you.

Mr. POSHARD. Mr. Martinez?

Mr. MARTINEZ. Mr. Chairman, very briefly—because I know you are concerned about the time—there are a couple of points that I have got to make.

There are a couple of things that this bill is really trying to do. That is to achieve higher performance standards in a reasonable period of time and to inspire local school districts.

Let me share with you an interesting situation that I just read about, while flying back from the district on United Airlines. I do not know if anybody else has seen it.

The owner of the Kansas City Royals did something—he went into a ghetto school with very low performance standards and a very low record of achievement and a dropout rate exceeding sixty percent. He dropped that dropout rate to fifteen percent. How he did it is simply like I said before. There are some things that money will help, but you have got to give incentives.

He signed five hundred contracts with freshmen and sophomores. In the contract he stipulated four things that they must do. They should not use drugs, they should not use alcohol excessively, they should not get pregnant if they were ladies and they should not miss classes and should maintain at least a C average.

If doing that until the end of their four years of high school and graduation he would guarantee them a four-year university education at the outside and at the inside a vocational school of their choice, whatever time it took. They would be assured of a higher education if they would comply.

From sixty-plus percent to fifteen percent: that is an incentive. In that statement that he made after the story, he said that he challenged all of the business community and all of the wealthy people in the United States to come in and do the same thing.

Now, that is creating an incentive, rather than increasing flexibility. They did not change the programs. They did not lump the programs together.

If you think that Choice is a good thing, then read the issue of "U.S. News and World Report" just, I think it was, two issues ago. There was a great story on the little success that Choice has had but the great harm that it has caused. I recommend it to you for your reading.

Thank you, Mr. Chairman.

Mr. POSHARD. Thank you, Mr. Martinez. If there are no other questions for the members of this panel, we thank you for being here very much.

Our last panel is, as I understand it, the people are here are LaVaun Dennett, Principal of Montlake Elementary School in Seattle; and Mr. G. Alfred Hess, Jr., Executive Director of the Chicago Panel on Public School Policy and Finance.

Knowing that your written statements are rather lengthy, if you could synopsize them in five minutes or less we would appreciate it.

We will begin with Ms. Dennett.

STATEMENT OF LAVAUN DENNETT, FORMER PRINCIPAL, MONTLAKE ELEMENTARY SCHOOL, SEATTLE, WASHINGTON

Ms. DENNETT. Thank you. Mr. Chairman, Chairman Hawkins and members of the committee, I thank you for this opportunity to speak to you about restructuring schools in this bill, H.R. 3347.

I have been the principal for the last six years at Montlake Elementary School in Seattle, Washington. The school has been involved in restructuring efforts since I was there and we feel like we have accomplished some important things in that work.

Now I am at Harvard working on a doctoral and trying to find out how to make even more of a difference by turning these great ideas into reality.

In universities we often do a lot of research and there is a particular research project that I would like to relate to you this morning that was carried on. They wanted to find out if fleas were intelligent, if they could indeed learn, and so they put them in jars and they put a lid on the jar and these fleas were so brilliant that in no time at all they figured out that if they jumped up too high they hit their head on the jar, and so they learned to only jump so high so that they would no longer hit their head.

One day a careless research assistant left the lid off of the jar and everyone ran to see what had happened. To their surprise, nothing had happened. The fleas had not jumped out of the jar because they had learned so well to only jump this high.

We have sort of taken the lids off the jar and we have said, "Okay, schools, go out and restructure and do something wonderful."

I think it is going to take a little bit more than taking the lid off the jar, that we are also going to have to create an environment where it is safe for people to get all the way out and really do something different. I think this bill is an important conversation around how to begin to do that.

This environment—now that I am at Harvard I have learned these big, important ways to frame this stuff—it is "holding environment," and I like that metaphor of really holding the schools in a way that they can begin to do what they are trying to do.

It has sort of three parts: confirmation, contradiction and continuity. The confirmation piece of it is supporting people where they are, helping them discover what they are doing well and how to do more of it. It believes that everyone can grow and change and that schools could become a place where everyone is a teacher and everyone is a learner.

There is also a piece of it that is contradiction, giving people a push to be more than they thought that they could be and continuously asking the hard questions about why we are doing what we are doing and how we know that it works, always looking for another alternative that would be even better and creating schools that are actually constantly restructuring, constantly questioning what they are doing and how to make changes.

Continuity is the piece that is hanging around and working things through, creating the safe place piece, allowing mistakes and even encouraging them for wonderful learning opportunities that they provide, taking risks and holding each other's hand in the process as we hold our breath, trusting one another to do the right thing.

Again, this bill provides a good balance in doing that, where there is some accountability, some promise to hang in there and help us through the changes, and also pushing people to try new things and to take the risks necessary to really improve schools.

As a great philosopher, Pogo, once said, "We are faced with insurmountable opportunities." Changing schools sometimes seems like one of those insurmountable opportunities.

When I decided to come down here I decided to drive. I talked a friend into coming with me. Her class wasn't through until ten o'clock, so we left Boston last night at ten o'clock to drive here to talk to you this morning.

When we told people that we were going to do that, they said, "Impossible, you can't do it," and even made terrible remarks about how when you get older your body won't handle that kind of thing.

Well, we made it. Not only did we make it down here in the nine hours, but we even made it through tornado warnings and rain that was so hard sometimes you couldn't see the road.

When we got here someone had quite accidentally called my friend and offered a place for us to shower and change clothes.

When things began to happen, amazing things happened. Those insurmountable opportunities really become realities.

Changing schools is quite possible. It takes hard work, thinking differently, giving up who you are for who you might become, learning new strategies and techniques, walking the talk, thinking anew and acting anew, turning little successes into important victories and accepting that there is more than one right answer, joining with the kids instead of sometimes thinking of them as the enemy that we somehow have to conquer.

I spend a lot of time in schools trying to help them think about what they are doing differently. I am constantly amazed, to the

point of tears myself sometimes, as I watch the struggle that teachers go through to make a difference for every child.

Changing the system is a little harder. There are all those things about the way it has always been and the rules and regulations and sometimes the interpretation of the rules and regulations, which is even more restricting.

Sometimes we have trouble giving power away and we get very mixed messages. At Montlake we constantly got messages about how we were doing the right thing and not to do it anymore.

For instance, we said, "We want all special ed kids to be totally integrated into the classroom. We do not want to have these pull-out programs that are sending them down the hallway. If we could really do that in special ed, we would have a real success."

Well, we did that. In fact, we even stopped labeling them because we thought the label itself was handicapping. When we did that we lost the money, because if you do not label the kids you cannot have the money, and it made what we were doing much more difficult.

It also meant that when our Chapter 1 students's scores went up, so that they were not quite as much at risk, we lost the money. There were restrictions on how we could implement the program, and even though that meant class size went up people continued to do what they knew was the right thing and to make a difference for every child.

It can happen. It can happen now. It has to happen now. If we give schools both the support and the flexibility to do what they need to do, teachers, communities, universities, businesses, the people that you have heard of today, will end up making the kind of difference that you want to see happen in schools.

Thank you.

[The prepared statement of LaVaun Dennett follows:]

TESTIMONY BY

LAVAUN DENNETT

FOR THE HEARING ON H.R. 3347

SUBMITTED TO

SUBCOMMITTEE ON ELEMENTARY,
SECONDARY AND VOCATIONAL EDUCATION

U.S. HOUSE OF REPRESENTATIVES

NOVEMBER 16, 1989

Chairman Augustus F. Hawkins
Subcommittee on Elementary, Secondary,
and Vocational Education
U.W. House of Representatives
B-346C Rayburn House Office Building
Washington DC 20515

Last night my daughter called me. Usually she waits until Saturday so the cost of talking between Seattle and Boston is more manageable. This was Tuesday. Usually she starts her conversation with a funny story or some on-going joke that to tell me, in her own unique way, that she loves me and misses me. Her voice sounded very brave above tears she could not hide. Not an unusual experience for a 19 year old girl who is out in her first apartment and mother has just moved 3000 miles away.

But Terra is unusual. Terra is a beautiful, bright, 19 year old woman who is also a talented artist. She has a tenderness about her that makes her take flowers to the old man on the hospital ward where she works because he is so lonely and a sense of humor that turns the most impossible situation into something to laugh at. Perhaps, most important of all, she is stubborn. She's determined to make her life work - somehow. Terra will need her stubborn determination because Terra is a Sped.

Terra went through Seattle School District in the Special Education program. When she was first tested, they told me it would be a temporary placement. She just needed to catch up. After all, she was obviously very bright with scores in the 99 percentile in things like auditory tracking and verbal reasoning skills. She just needed a little help. Her profile was quite common in special ed. Years later when I talked to them about getting Terra out of the program, they were very surprised I would even consider such a thing. She would never be able to handle a regular program. But did their program meet her needs? Not really, they said. But they had so many kids in her group (11) and they were so diverse.

Her story came across the wire in halting tones interspersed with frustration with herself for bothering me. The conversation was something like this. I don't want life to always be so hard. How did I get all the way through school without learning even the basic things a person needs to know to be successful in the world? I'm never going to be able to get a really good job. If I work, I can't go to school. If I go to school, I can't work. I need to do both. I'm so afraid I'm going to

end up on welfare like Danielle. I just want a nice job, and a family, and a home like everyone else." After the usual reassuring mother words, she went on, "But you don't understand, Mom. You're not a Sped. You don't know what it feels like to always be so dumb. I'm never going to find a way to get the education I need."

Terra survived the name calling, teacher's low expectations, and boredom to graduate from high school. She is one of the lucky ones. Her friend, Danielle is unmarried and on her second child. Several of the students in her group are heavily involved with drugs. Few graduated from high school. Those who did are like Terra: they just couldn't find another alternative that worked for them. At school they at least got to see their friends. And then there is the one who committed suicide and the one that was found dead in the lake. Speds all.

Terra didn't enter school as a Sped. She was eager, happy, and learning - just like the rest of the kids. She thought she could solve any problem - and was usually the first one to come up with an answer. She was learning and growing - and hungry for more. What happens when these kids get into school? How do we twist their dreams into tears and despair?

An exaggeration? As a principal I see children like Terra go through my school every year. Bright, eager, wonderful kids who don't learn quite like everyone else. Are they handicapped? Not until we teach them that they are.

Unfortunately, the Speds aren't the only ones who loose their spark in schools. Many very "normal" students also become frustrated and bored. Those who find other alternatives drop out. Many of the drop outs and those that stay in their seats but drop out in their heads have been sitting for years in our classrooms - disinterested, resistent.

But do schools have a choice? Yes! At Montlake Elementary in Seattle, Washington, and at many other schools across the country, schools are doing what they must to see that all kids learn and are successful. They do it with too few resources, with crowded classrooms, amid great diversity and challenge. They do it with old textbooks and the latest technology, in dilapidated buildings and new, shiny buildings, in urban and in rural schools. They do it because they care about the kids. They do it because there is nothing like the look on a child's face when they have just discovered a "great truth". They do it because there is nothing as beautiful as children's laughter. They do it because they believe they can make some small difference in the world or in one small child.

So why aren't there more stories of school successes? Why aren't we singing the praises of the educational system that makes America strong? If we can do it in a few good schools why not all schools? Of course, there are no easy answers. But there are some things we have learned that can help us make a significant difference while we are looking for better and better answers.

There was a study about "maverick principals" several years ago that is very interesting. These were principals who went into schools that had been neglected and/or were in disastrous shape and turned them around. When asked what it was that made it possible for them to make such a difference, they all responded that one critical ingredient was that people left them alone to lead their building as they needed. Either the district thought the situation was so hopeless or the school had been neglected for so long, no one thought to keep track of what was going on there. The principals rolled up their sleeves and created great schools with their staffs and communities. Then people decided to pay attention for one reason or another. In every case, the principals reported that once people started watching closely what was happening in the school, the work was much harder. There were rules and regulations to observe, politics to play, and time consuming paperwork to be done. There were people saying, "we've always done it this way," and "if we let you do that, someone else will want to do it too." They had to fight for the flexibility that had allowed creative, "different" ideas. It took time away from fighting for even more creative, better ideas for continued improvement.

I'm sure we would all agree that the rules and regulations were established for all the right reasons. I'm sure they brought vital attention to critical areas that desperately needed attention. Chapter 1, Special Education, At Risk Programs - the very systems that were created to help, are being implemented in ways that are now creating part of the problem. Labeling students and isolating them in pull-out classes are more of a handicap than the student's disability. Slavin's research at John Hopkins University has pointed out the problems with such techniques - over and over again and he has offered solutions that have been proven successful that do not require great expenditures of money or tremendous hardships on people. Sometimes a person just has to think differently. Henry Levin at Stanford decided that at risk students need to be challenged, worked harder, rather than being tracked into remedial, plodding classes. Then he went out and convinced a number of other people to think differently about these kids too and had dramatic results.

When there are such limited resources available, we need to use every possible

penny to get the results we want. The funds for special programs are vital to the provision of restructured classrooms and schools that can make these kinds of differences. The resources must not be lost. And we must continue - or more accurately - begin, to make a difference with these children who need our special attention. But that special attention can be provided in new and different ways. At Montlake, we restructured our school in such a way that it worked much better. It didn't take magic. It did take asking some hard questions about why we group students the way we do, why we isolate teachers rather than work in teams, why we use time the way we do, why we break subject areas up into small discrete blocks etc. We didn't like some of the answers we discovered so we made some very basic changes. We too got dramatic results.

One of the results we were most excited about was the fact that we completely integrated all of our Learning Disabled, Behavior Disabled, and Mildly Retarded students into our regular classes. In fact, students stopped being referred to special education at all because they were so successful in the new structure. Our test scores went up. It all seemed like good news until we lost the resources that we had initially been allocated. If you don't label students, you don't get resources even if they are still in the program. We felt the labels themselves were a problem. We refused to label the students. When an article was published about the dilemma at Montlake in Education Week, people called from all over the country with similar stories. People offered advice, support, encouragement and ideas. Unfortunately more energy and ideas concentrate on how to get around the rules and regulations than fixing them.

Olympia School District in Olympia, Washington proudly displayed their new program which had successfully integrated all of their Learning Disabled students, with permission, they thought, from the state. There had been some mistake. They had to frantically relabel all of their students to prevent the loss of thousands of dollars. The funds had been essential to the integration. Everyone agreed the program worked better for schools and kids, they just couldn't do it and fit it into the rules and regulations.

Governor Booth Gardner and the Washington State Legislature decided to think differently. They created the Schools for the 21 Century Legislation that encouraged schools to be innovative and to invent better schools. There was support through resources, waiving of state rules and regulations, information, and celebration of the great ideas that began to be proposed. Not only were schools, dramatically improved, but the excitement and enthusiasm in those schools was infectious. Even schools who applied but were not selected in this round of grants

went on to improve their schools. They had become so excited about the possibilities as they went through the process, they decided to do what they could even without supportive funds. Now the state is accepting a second round of applications. I would anticipate that these proposals would be even more innovative now that everyone knows that Governor Gardner and the legislature are really serious.

One of the critical components in all of these examples, is the willingness of people to take risks and to think differently. The ability to reach out for new ideas and the information needed to even formulate new concepts and contextual possibilities, and the willingness to put in the time, energy, and commitment to change schools is a challenge for each of us. That leadership must come from the school, from the district, from the state, and from the federal government. It must come from businesses and communities as well. If we reward this behavior, we'll get more of it. School leaders, in particular, have rarely been rewarded for such behavior. We tell interesting stories about our maverick principals, but we hope they don't show up in our district. Universities and colleges do not require a course in creative thinking to earn an administrative certificate. In fact, one of the biggest challenges in reforming schools will be to train and retrain principals to think in new ways, to find new solutions, and to take new risks.

One of those areas of risk will need to be how we hold schools accountable. Good schools will welcome the accountability that is required with the new responsibilities we are proposing through restructuring. But that accountability must be more than achievement test scores. The state of Connecticut is trying a new performance based test for students. Lee Schulman, at Stanford University is suggesting teachers could provide a portfolio of their best lessons as artifacts that would be an important part of their evaluation. Both of these and many other similar ideas will allow us to take a much more effective look at teaching and learning. We must ask ourselves what we really want kids to know, what is the best way to teach them what we want them to know, and how do we know we taught it. Achievement tests are only one, and perhaps, not the best one, measure of how we know. This is a complicated problem and will have dramatic effects on the restructuring of schools.

In "To Secure Our Future", the National Center on Education and the Economy propose four missions that will make the kind of difference we are looking for.

-First, America will do what is necessary to assure that every child starts school healthy and intellectually prepared to take full advantage of what school has to offer. No longer will millions of children enter kindergarten as damaged

goods, already marked for failure.

-Second, the country will dedicate itself to restructuring elementary and secondary education for high performance, according to the principles previously suggested. By the end of the century, high school graduates all across the land will hold a diploma that signifies more than twelve years in the seat. It will testify that the holder is among the best educated high school graduates in the world.

-Third, America, for much of the twentieth century the most scientifically and technologically accomplished country on the globe,will finally turn its technical genius to the problem of education, to make our schools a showcase for the contributions that information technology can contribute to learning, and

-Fourth, our workers will no longer be leaders among the functionally illiterate. America will provide a second chance to every American now in the workforce to get the skills they will need to contribute effectively in an information-based economy where success means thinking for a living.

This mission will require some important changes in priorities for our country and for our schools. But there is absolutely no reason why we cannot, very quickly and very effectively move to make those changes. We must start now. Our students cannot wait any longer for us to discuss the issue. They continue to pass through the system taking with them all of the knowledge, skills, and abilities we are able to help them acquire. But in that process they also gather a vision of the world and their place in it, an understanding of others and the diversity that we all share, a pattern of risk taking and change and many, many more concepts - some directly taught, some simply 'experienced'. For some kids this is a joyous process and they come out the other end ready to live each day fully and to make a difference in the world. For far too many others, they never reach their full potential, they end up insecure and unable to handle change and risking. They emerge with scars that will handicap them the rest of their lives.

And our students are not the only ones, as this letter from a teacher illustrates.

'I'm tired this year - more than any other year I can remember - of not being able to teach. I find myself, as I go out the door in the mornings, wishing I were going to work in a bank, or an insurance office, or some other place of relative calm, some place that doesn't drain every ounce of energy and creativity I can muster and then still leave me feeling like it's never enough. I am puzzled. I have loved teaching. I did not make a mistake seventeen years ago when I came into the classroom. I am proud of the school I teach in now; and the cooperation of the staff and the support of the principal could not be more heartfelt. So what is the problem? What is siphoning off the joy I have found before in my work? It is of great importance that I find out, and then try to turn things around. If I can't . . . I

need to leave education

There is especially the frustration of never having enough planning time, much less time for careful reflection on teaching practices and individual student needs Nearly every morning and every afternoon there is an important meeting of some description, a parent conference, grade level meeting, total faculty meeting, media advisory committee Student Council, planning/assistance team, inservice committee and all of them appear to be of great importance! The book bag of papers to grade, lessons to plan, and reports to do goes home each night, seeming heavier and heavier, but the energy left at the end of the day is not of sufficient quality to get the bag of work completed in the way I wish I could

There is the inner anger at having yet one more form to do:

a folder to keep for the observers (will I just put in a copy of my schedule, a copy of the rules and consequences for my class, a listing of any unusual situations in my class?),

a professional development plan that will prove to all the world that I am actually "growing" and deserve the pay that the legislature has alloted me,

a listing of students who purchased pictures - and which package,

a listing of students who will swish with fluoride mouthrinse once each week, of students who haven t been fingerprinted, and of students recorded time for the mile run,

a plan to show how I will use the health guide sent out by the system,

records upon records of discipline measures: time out sheets, letters sent to parents, pink slips and green slips, requests for assistance from specialists, and "action alerts".

And there is, beneath it all, a profound sadness, a mourning for what might have been, or is it yet a longing for what might still be if answers can be found?"

from a letter by Loretta Fodrie, Fifth Grade Teacher, Charlotte-Mecklenburg, N.C. to the Holmes Group, December of 1988

Together we can make schools a place where everyone in the system is both a teacher and a learner, and where learning and teaching are so exciting everyone wants to be doing it

Let's get started!

SUMMARY

Here is Edward Bear, coming
downstairs now, bump, bump,
bump, on the back of his
head, behind Christopher
Robin. It is, as far as he
knows, the only way of coming
downstairs, but sometimes he
feels that there really is
another way, if only he could
stop bumping for a moment and
think of it.

A.A. Milne

Like Edward Bear, it often seems public schools hold some vague notion that there is a better way, if only we had time to stop bumping our heads and look for it.

We must:

Give people room to lead and create

Take risks and think differently

Stop doing what doesn't work

End the battle between rules and regulations vs. integration and elimination of labels

Look at a complex, multi-faceted accountability system

Implement the "To Secure Our Future" mission statements

1. assure that every child starts school healthy and intellectually prepared;
2. dedicate the country to restructuring elementary and secondary education for high performance;
3. make our schools a showcase for the contributions that information technology can make to learning;
4. provide a second chance to every American now in the workforce to get the skills they will need to contribute effectively in an information-based economy

Get started now!

Mr. POSHARD. Thank you, Ms. Dennett. Mr. Hess?

STATEMENT OF G. ALFRED HESS, JR., EXECUTIVE DIRECTOR, CHICAGO PANEL ON PUBLIC SCHOOL POLICY AND FINANCE

Mr. HESS. Thank you, Mr. Poshard, Mr. Smith and my colleague from Chicago, Mr. Hayes.

I am delighted to be with you. I do have a lengthy testimony, which I will not try to enter into the record this morning by reading it, but I do want to point out a couple of key points about it.

As many of you are aware, Chicago has just enacted through the state legislature in Illinois a major school reform effort. I was author of part of that effort. We were trying to do some things in Chicago to deal with a school system that is not working.

Chicago has 410 thousand young people in its system. Seventy percent of those children qualify for free or reduced lunch. Forty-five percent of those children are Chapter 1 eligible. Eighty-eight percent of those children are minorities.

The legislation was citizen initiated legislation. It started in a mayors' education summit convened by Harold Washington, a former member of this committee whose seat Mr. Hayes now holds, not that it was only his seat ever, but he preceded you in it.

We were really trying to deal with a situation of a school system that was not working. In 1985 a sister organization of ours released a study that showed that one out of three seniors who are about to graduate in Chicago schools could read at normal levels.

A few months later we released a study that showed that two out of five young people who started the ninth grade never made it through the Chicago public school system. They have a forty-three percent dropout rate.

That means that if you take those two studies together, out of five kids starting in ninth grade only one them graduates reading at normal levels. That is the kind of background that led to the Chicago school reform effort.

The essential elements of that effort are that we were trying to create a way for local schools to be freed of constrictions, from our perspective primarily local constrictions, that kept schools from doing a good job.

We had two professors from one of our universities in Chicago who did a study of Chicago principals. The term that they used for the principals who were doing very well was that these were the creative insubordinates, that in order to do well, to be creative in the Chicago public school system you had to be insubordinate. You had to do things to break the rules.

So we tried to create an effort in reform that would allow us to put people in a position not of having to break rules to do well.

We tried to eliminate restrictions, eliminate the sanctions and mandates, and to change the locus of accountability for principals from the bureaucratic mind set, which after all is basically to keep things going smoothly, to the parents, who are concerned about the performance of their children, the community residents who are concerned about the reputation of the schools in their neighborhoods and to the teachers themselves who are concerned to see good things happen to the kids in their classrooms.

So we established a school-based management approach to school reform that removed many of the restrictions, moved more dollars to the school level, and we did it on the basis of numbers of disadvantaged children, so we were moving more dollars to the schools with the largest numbers of disadvantaged children and fewer dollars to the schools with fewer disadvantaged children.

Concerns that have been expressed this morning earlier about making sure that disadvantaged kids get the benefits of those dollars are concerns that we share, but we found ways to do that within that system.

It seems to me this legislation is built on the same philosophy, a philosophy of removing restrictions and constraints to allow people to get things done, and that the real key is, can we in fact keep them accountable for making things work for kids who need them to work for them most?

That has to do with identifying which populations were most concerned advance under these regulations, and that is one of the things our organization is going to be doing with the Chicago School Reform Act.

We are going to be monitoring which kids do better and we are going to be out to make sure that the kids who are most in need are the ones who do better. It seems to me that should be one of the elements that is built in to the agreements about accountability that are made at the state and local levels with the Federal Government.

We would strongly support this legislation. We would also echo the concern that was expressed earlier—and, Mr. Smith, I know you have already spoken to it—that the encouragement to the state and local jurisdictions to give waivers and to relax their regulations is an important piece of this, but we would strongly encourage that the House enact this legislation with whatever accommodations are necessary to meet the various concerns that were raised this morning.

[The prepared statement of G. Alfred Hess, Jr., follows:]

CHICAGO PANEL ON PUBLIC SCHOOL POLICY AND FINANCE

220 South State Street, Suite 1212 • Chicago, Illinois 60604 • (312) 939-2202

Testimony in Favor of:

EDUCATIONAL PERFORMANCE AGREEMENTS

for SCHOOL RESTRUCTURING

Testimony Presented to
United States House of Representatives
Committee on Education and Labor
Subcommittee on
Elementary, Secondary, and Vocational Education

by G. Alfred Hess, Jr.
Executive Director

November 16, 1989

Chairman Hawkins, Mr. Smith, members of the committee, I am G. Alfred Hess, Jr., Executive Director of the Chicago Panel on Public School Policy and Finance. The Chicago Panel is a coalition of twenty agencies concerned to improve the quality of education in the Chicago Public Schools. We are an independent, non-profit, agency which monitors the actions of the Chicago Board of Education, does research into its policies and practices, provides information to parents, community residents, school staffs, policy makers, and the general public, and advocates for policies which will provide direct benefits to students in the city's public schools. The Chicago Panel was one of the leaders in the recent school reform movement which culminated in the passage by the General Assembly of the State of Illinois of Illinois Public Act 85-1418, the Chicago School Reform Act. I am the author of several sections of that Act which was the result of more than two years of concerted effort by a wide coalition of civic agencies, business interests, community organizations, parents, the teachers union, and concerned members of the city and state government.

I am here today to support H.R. 3347, a bill to establish a National Demonstration Program for Educational Performance Agreements for School Restructuring. This bill is built upon the same philosophy which underlay the Chicago school reform effort, to provide schools (and school districts) more flexibility and independence in return for higher performance. We were forced to proceed within a whole series of constraints, because this bill has not yet been enacted. School restructuring in Chicago could proceed much further if this bill is enacted by the Congress.

Background to the Chicago School Reform Act

The Chicago School Reform Act initiates the most radical school restructuring of urban public education which has been undertaken in at least the last two decades and perhaps in this century. The Act dramatically increases the power of individual schools to shape their local educational programs to more closely meet the needs of their enrolled students. It does so by severely curtailing the powers of the Board of Education and the central administration to impose systemwide programs and by shifting the relationships between the administration and the school from one of mandating behavior to one of service provision. The basic

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approach of the Reform Act is to require improvements in performance of local schools in exchange for the elimination or easing of systemwide constraints.

The Chicago School Reform Act is citizen written legislation. The major provisions of the legislation were argued, debated, altered, and ultimately agreed to in the Mayor's Education Summit, a collaborative effort initiated by Mayor Harold Washington (a former member of this subcommittee, I believe) and involving the participation of more than 60 citizens representing the various constituencies listed above. The Act itself represents the collating of three pieces of legislation drafted by three of Chicago's non-profit agencies (the Chicago Panel drafted one of these precursor bills). In its passage through the state legislature, the final language of the bill was hammered out in a four day, ten hour a day, conference of more than 60 representatives of the same agencies who had participated in the Mayor's Summit, under the leadership of the Speaker of the Illinois House of Representatives, who led the conference in a line by line consideration and agreement on the final shape of the bill. What I am trying to convey is that this legislation was not somebody's quick solution to citizen discontent. It was a citizen solution to a massive problem in the failure of a primary public service, the education of 410,000 children in the city of Chicago.

Before explaining the major provisions of the legislation, I would like to briefly describe the conditions which gave rise to the school reform movement in Chicago. I am sure that the members of Congress are all aware of several key events in the chronology that led to the school reform effort: a nineteen day school strike in the fall of 1987 and, later that fall, the proclamation by then Secretary of Education William Bennett that Chicago had the worst school system in the nation and that it was an example of "educational meltdown." While both of these events were important to the passage of school reform legislation, the roots of the reform effort go far deeper, and neither would have had much effect on the school system had not the reform effort already been well under way.

Concern about the quality of the Chicago Public Schools dates back to the early 1960s when several blue-ribbon commissions severely criticized the segregation of minorities in the school system and the resulting inferior education offered in those schools. For the next twenty years, the short-comings of the system were articulated primarily by those seeking more equity in the quality of education delivered across the system. However, unlike many other major urban school systems, no serious desegregation litigation was undertaken in Chicago during the 1960s and most of the 1970s. By the time Justice Department took the system to court, resulting in the 1980 Desegregation Consent Decree, the proportion of white students in the system had fallen to 18 percent. Currently, about 12 percent of public school students in Chicago are white. At this point, even the best desegregation effort could not seriously be expected to deal with the educational shortcomings of the Chicago Public Schools. One of the basic tenets of using desegregation to improve the quality of education for minorities is that if minority and majority students attend the same schools, resources within the system will be used more equitably and the quality of education for minorities will improve thereby. That premise is untenable when majority students have disappeared from the system.

During the early part of this decade, the primary focus of those seeking to improve the Chicago Public Schools was on the fiscal unhealth of the system. In 1979, banks in Chicago refused to roll-over the system's outstanding loans when it became public knowledge that the system was using new loans to pay the costs of carrying and retiring earlier endebtedness. The system was virtually bankrupt. An emergency bailout was fashioned by the state legislature along lines agreed to at a New Year's Day summit convened in the Governor's Mansion. The early years of the decade were focused on restoring the system's fiscal health. However, in the process, the district's educational programs were severely curtailed. Art and music teachers were eliminated, despite state mandates to teach those subjects. Special education services were cut back. More than 8,000 positions were eliminated from the budget. However, in the first study commissioned by the Chicago Panel, we were able to document that these staff cutbacks had a more severely impact on direct services to children (18 percent reduction in

staff) and care for the system's facilities and lunchroom services (17 percent reduction) than they did on the number of administrative jobs (down only 12 percent; see *Budget Cuts at the Board of Education*, 1982). Unfortunately that pattern continued throughout the decade, with the number of jobs in the central administration growing every year between 1981 and 1987, while total enrollment declined by more than 50,000 students. It was our numbers on the increase of the size of the administration which Secretary Bennett characterized as "the growth of the bureaucratic blob!"

By 1984, under the prodding of the Chicago School Finance Authority, the fiscal crisis was under control. At that point, the Chicago Panel and the other major school focused non-profit agency in the city, Designs for Change, began to focus more directly on the quality of education being provided by the Chicago Public Schools. In early 1985, these two agencies released two complementary studies detailing the failure of the Chicago Public Schools to adequately education the young people of our city. In *The Bottom Line*, Designs documented the fact that only one in three high school seniors was reading at nationally expected levels. Two months later, the Chicago Panel, in *Dropouts From The Chicago Public Schools*, announced that 43 percent of the students who entered ninth grade dropped out before graduation. Thus, nearly half of every entering class never makes it through high school, and of those who do, only a third read at expected levels!

In the years since 1985, the Chicago Panel has released four further studies documenting the scope of the dropout problem in Chicago, including one study which documented the shortchanging of Chicago high school students, through the use of phantom study halls, by providing the average student with less than four hours of school per day despite state law which requires five hours of daily instruction. As each of these studies was released, and extensively covered in front page headlines and on the electronic media, the public conviction grew that something had to be done about the Chicago Public Schools.

Facing a campaign for reelection the following spring, Mayor Harold Washington convened his Mayor's Education Summit in October of 1986. Many observers of the Chicago reform effort ignore the fact that the Mayor's Summit had been meeting for a full year prior to the nineteen day teachers strike in 1987. That first year of the Summit was focused on creating a series of agreements between the school system and other interested parties similar to those fashioned as part of the Boston Compact. The effort was designed to include a commitment by the school system to improve the quality and quantity of its graduates in return for a promise of increased employment opportunities for the system's graduates and increased access to higher education. One task force of the summit, which I staffed as a released time consultant to the Mayor's Office, created 15 strategic objectives to measure improvement in the performance of the school system. Although the Summit as a whole adopted those objectives, the administration of the school system rejected all but five of them. During the summer of 1987, negotiations between the school system and the business community broke down without reaching any agreement about improving the public schools.

During that same summer, the General Superintendent was in negotiations with the system's employee unions. He entered the negotiations by proposing that all union employees take a pay cut while at the same time proposing a budget which continued to expand the central office administrative staff. It was an open secret at the administrative headquarters that this was the year to face down the union. The federal government's success in breaking PATCO, the air controller's union, was a frequent topic of conversation. In this atmosphere, the ensuing nineteen day employee's strike, delaying the opening of school by a month, was inevitable. Ultimately, an agreement was reached which very much resembled the agreement the Chicago Panel had described as possible in July testimony on the Board's proposed budget. In short, the resources were available for an employee settlement prior to the strike, but to utilize them would have required a reallocation from bureaucratic growth to school site services.

The amazing thing, to many observers, was that the widespread parent and community protests during the strike did not disappear as soon as schools reopened. This time, parents were not satisfied with labor accord, they demanded a real improvement in the quality of the schools their children attended. A week after the strike ended, Mayor Washington invited 500 representatives of civic, community, and parent groups to attend an assembly at the University of Illinois at Chicago to hear plans for improving the schools, including his intent to reconvene an expanded Mayor's Education Summit. More than 1,000 persons showed up and the Mayor had no choice but to open up adjoining space to expand the meeting. Further, the parents and activists demanded more than platitudes from union, school, and city officials. They demanded a real voice. The mayor expanded the summit by convening a Parents Community Council and placing ten of its leaders on the Summit. Unfortunately, a month later, he succumbed to a massive heart attack, leaving the city essentially leaderless for the next 16 months.

Mayor Washington's appointees to the Parents Community Council (PCC), however, converted school reform into a martyr's mission. Fortunately, there were several vehicles at hand for their use. The first was the work of the first year of the Mayor's Education Summit and the agreements achieved on its six constituent task forces. In addition, the Parents Community Council invited the various civic agencies which had been working for school improvement to present their plans and concerns. Chief among those presentations were plans presented by Designs for Change and the Chicago Panel. Both groups had been developing plans for school based management and other reforms within the Chicago Public Schools. The PCC adopted school based management as the hall mark of its reform agenda in the Education Summit, along with concern to expand early childhood opportunities for disadvantaged children, expand non-school services to meet the physical and social needs of inner city children, and various other programs.

School based management was seen by the Chicago Panel and Designs for Change as a key element to implement the findings of educational research about what makes an effective school. Two professors in Chicago, Van Cleve Morris and Robert Crowson, had done a study of principals in the city's schools. They characterized effective principals they studied as "creative insubordinates." They said, the only way to be a good principal in Chicago was to be *insubordinate*. The school system, the state, and the federal government had created such a maze of regulations and sanctions, that it was impossible to be creative without being insubordinate. Chicago's schools were the ultimate example of the failure of the attempt to assure the quality of schools by controling the conditions of education. Chicago's failures disclose the poverty of the philosophy that controlling the *inputs* will assure the quality of the *outputs*. From this perspective, school based management was seen as a way to eliminate the stiffling effect of central bureaucratic mandates and sanctions in order to encourage principals to be creative without the necessity of also being insubordinate. A second effort to encourage more creative educational efforts by the local educational leader was to shift the locus of accountability of principals from bureaucrats (whose values inevitably revolve around maintaining an institution without making waves) to parents of enrolled students, community residents, and teachers whose concerns would be focused on improving the performance of those enrolled in the school. Both of these measures were designed to put responsibility into the hands of local principals, to give them greater opportunity to be effective educational leaders (a key element identified by the "effective schools" research), but to also increase their accountability for the performance of the schools under their care.

I have stressed this point for three reasons. First, many media accounts of school reform in Chicago have portrayed the effort as primarily a political shifting of power, but the primary shift in power is between levels of the school system. School reform in Chicago is based on the empowerment of the local school by releasing it from the constrictions of the central administration. Second, I want you to be aware that school reform in Chicago is based upon an assessment of current educational research and is designed to be a means to implement aspects of that research. It is a carefully designed approach, built on the specific history and

conditions in Chicago. It was not just the result of a bunch of unknowledgable radicals engaged in a gigantic exercise in horse-trading. Third, the effort could have been more far-reaching had we been able to also remove some of the constraints imposed by the state and federal governments, an issue which H.R. 3347 addresses.

The Chicago Panel on Public School Policy and Finance

Before describing in greater detail what the Chicago School Reform Act accomplishes, I want to present a brief background on the Chicago Panel, which I represent.

The Chicago Panel on Public School Policy and Finance is a coalition of twenty civic agencies concerned with citywide public education issues. The purpose of the Panel is to work for the improvement of the public schools in the Chicago area. It conducts research into the policies and practices of the Chicago Board of Education, provides information to parents, citizens, Board members and the public about the management and finances of the Board, advocates for the priority of students as policy, financial, and managerial decisions are being made, and promotes knowledgeable public participation in school policy and finance decision making.

A BRIEF HISTORY OF THE CHICAGO PANEL

During the Panel's first three years (1982-84), its research and information efforts focused on assisting the Chicago Public Schools to restore its fiscal integrity while devoting the maximum possible resources to direct services to its students. During that period, the Panel established the serious under funding of the public schools in Illinois, primarily through its study *Revenue Short Falls in the Chicago Public Schools*, but also began to document the need to shift resources within the system away from the central administration and towards the school level.

During the next three years, the Panel's efforts focused on defining the shortcomings of the education offered by the city's public schools. Four different studies of the dropout problem defined the accurate dropout rate and identified major problems in the school system which contributed to that rate, including the discovery of mythical study halls which shortened the school day by more than an hour for most Chicago high school students. The Panel's initial dropout study, *Dropouts From The Chicago Public Schools*, tracked students in the graduating classes of 1982, 1983, and 1984, establishing a systemwide dropout rate for 1982 of 43 percent. The Chicago Board of Education's Research and Evaluation Department has produced two follow-up reports, using the same format, for the classes of 1985 and 1986. The dropout rate for the class of 1985 was 45 percent, but the rate decreased to 41.4 percent for the Class of 1986. The Panel also regularly chronicled the failure of the Chicago Public Schools to implement state reforms enacted in 1985. During this period, the Panel's information programs focused on helping parents and school personnel understand their school budget, learn how to do needs assessments at their schools, and begin to do school improvement planning. The Panel produced a widely used guide to school budgets called *School-Based Budgeting, What Citizens and Parents Need To Know*. The Panel is currently updating this guide for use by the new LSCs. The Panel also produced annual reviews of the implementation of school budget hearing and Local School Improvement Council provisions of the 1985 statewide school reform act.

During the past two years, the Chicago Panel has been one of the leading organizations focused on school reform. The Panel's executive director helped conceive and design the Mayor's Education Summit, serving as a released time consultant to the Mayor's Office. He staffed and helped craft the 15 School Improvement Objectives adopted by the Summit, which later became the basis for the school reform agreements in the second year of the Summit. In 1987, the Panel drafted legislation for House Speaker Michael Madigan to introduce which

would have created a pilot project in school based management, a precursor of the 1988 school reform bill. The Panel was a major actor in the post-strike session of the Mayor's Summit and led the movement to significantly strengthen the draft agreements. Panel staff were key to the resolution of many differences in the drafting of the Chicago School Reform Act and were primarily responsible for drafting provisions creating the Professional Personnel Advisory Committee (which guaranteed a role for teachers in the school management process), redistributing the State Chapter I funds for disadvantaged students, and mandating an administrative cap on the size of the bureaucracy.

The Panel has been working effectively with other reform groups to ensure a smooth implementation of the school reform act. It worked closely with the previous Board of Education to shape proposals to implement the act. Its critiques of the resulting plans and of the tentative budget for the 1989-90 school year led the new Interim Board of Education to reject these documents. Panel staff helped reshape the Board's budget to reallocate $40 million into local school budgets by cutting 544 bureaucratic positions. The Panel has assumed lead responsibility for monitoring the implementation of the reform effort and has received significant funding for such monitoring and research from the MacArthur Foundation, the Woods Charitable Fund, The Field Foundation of Illinois, and the Spencer Foundation. At the same time, the Panel has also been one of the primary sources of technical assistance for local school people trying to improve their schools, providing training and information resources created out of its monitoring activities. The Panel has received funding from the Joyce Foundation, the Chicago Community Trust, and other foundations and corporations in Chicago to undergird these activities. The Panel is prevented by its bylaws from receiving any funds from the Chicago Board of Education and currently receives no funds from either state or federal governmental sources.

OBJECTIVES FOR 1989-90

PLAN TO MONITOR SCHOOL REFORM IN CHICAGO

The Chicago Panel on Public School Policy and Finance has developed a plan to monitor the implementation of the Chicago School Reform Act.

Some observers have been skeptical that any significant change will occur as a result of the passage of the Chicago School Reform Act. Others are concerned that changes which do occur will be negative as a result of political interference in the newly mandated process. Monitoring is a key element in the success of school reform to assure the public, various advocacy groups, the Board of Education itself, and Local School Councils that they will have adequate information from unbiased and objective reports of the progress made and the problems encountered in implementing reform. Assessments by independent observers like the Panel can lend credence to claims of proper implementation of the act and to resulting changes in the system and in the performance of students. At the same time, vigilant monitoring can identify problems as they emerge so that they may be addressed in a timely fashion. This project, *Monitoring School Reform in Chicago*, will provide that independent assessment through a series of sub-projects.

The monitoring plan lists eleven specific monitoring projects with additional information about each project including key questions, scope of the study, source of the data, comments on the availability of the data, analysis procedures, and start and completion dates. A detailed timeline has been created for each of the eleven studies and a work plan designed that indicates the allocation among the monitoring studies of the staff time necessary to complete the projects. Copies of the full monitoring plan are available on request.

The eleven projects are organized into three major areas: School Governance Issues, School Improvement Issues, and the Outcomes of School Reform. Four monitoring studies

fall under the category of School Governance Issues: Composition of the Local School Council, Operation of the Local School Councils, Principal Contract, and Personnel Changes. Three studies fall in the category of School Improvement Issues: School Improvement Plans, Resource Allocation, and the Implementation of School Improvement Plans. The third category, Outcomes of School Reform, contains four monitoring studies: Student Achievement, Attendance and Graduation, Grade Retention, and Teacher and Parent Attitude. An outline of the project is included in Figure 1 on the next page.

In addition, the Panel intends to provide regular communication with Local School Councils, principals, central and district office officials, Board members, and other policy makers through a regular *Monitoring Update*. The exchange of relevant information is a critical part of any monitoring plan.

RESEARCH

The Chicago Panel is well known, both locally and nationally, for its extensive research on the Chicago Public Schools and significant policy areas which affect urban education efforts nation wide. The Panel has produced 17 different studies since its inception in 1982 (see list attached). During 1989-90, the Panel will be conducting four primary research projects which are related to the implementation of school reform and which build on the monitoring project.

Two of these projects provide supplementary resources needed to complete the monitoring studies of the implementation of school improvement plans and of changing teacher and parent attitudes. The other two projects are focused on providing a fuller description of the effects of reform and on attempting to discover the important causal factors contributing to its success or failure. The first is a massive regression analysis of changes in student performance indicators (test scores, grades, attendance patterns, dropout rates, etc.) resulting from changes in the important reform generated inputs (dollars per pupil, teachers, alternate programs, improved performance of entering students, etc.).

This coordinated research plan has been funded for three years through a grant from The Spencer Foundation. Additional research projects have been identified and will be added to the research agenda as work plans can be developed and proposals submitted and funded.

INFORMATION SERVICES

In addition to the newsletter, *Monitoring Update*, the Chicago Panel will make information about school reform and other issues relating to the Chicago Public Schools and urban education available to a wide variety of audiences through a diverse set of mechanisms, including newsletters, seminar programs, training events, and published materials.

The Chicago Panel is one of the preeminent training agencies working with parents, school staffs, community organizations and the general public. The Panel has been providing training opportunities for more than five years, and last year provided training to more than 5,000 persons. The Panel provides a series of basic training programs (see attached list) and tailors specific training opportunities to the needs of sponsoring agencies when appropriate.

The Panel provides a wide array of workshop materials and two page handouts which explain many of the basic elements of school reform and basic school operating procedures. The Panel is currently updating its publication, *School Based Budgeting, What Citizens and Parents Need To Know*. In addition, the Panel produces a quarterly newsletter, *Panel Update*, which it distributes to all who have attended one of its training sessions and others who wish to be included. The Panel distributes its research studies, testimonies, and other technical

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reports to a more limited number of policy makers both inside the school system and outside of it. Known as *Panel Briefs*, these mailings go to top administrators, Board members, political office holders and staffs, funders, and other shapers of public opinion.

METROSTAT

Several years ago, the Panel launched a semi-autonomous division which would do two things: create a database on the 298 other school systems in the six county metropolitan area and utilize the Panel's expertise in assessment and planning to provide fee-based services to those capable of helping to provide support to the Panel in return for specific services. METROSTAT has now published two editions of its *METROSTAT DataBook*, the latest for the 1987-88 school year. Its database combines generally available school report card data with more limited access information including tax base, expenditures, and staff characteristics. The DataBook is available to school districts, civic organizations, universities, and individuals who become members of METROSTAT. Members also have access to the database on which the book is established through electronic media.

METROSTAT staff also provide technical assistance to suburban school districts, corporations, universities, or other entities on a consulting basis. METROSTAT staff are presently assisting a southwest suburban high school district to prepare for its Northcentral accreditation review by conducting a needs assessment. METROSTAT has provided similar services to Chicago schools at the request of corporations who have adopted those schools. Currently, earned fees provide a small but growing proportion of the Panel's revenues.

ORGANIZATIONAL STRENGTH

G. Alfred Hess, Jr. has provided overall leadership to the Panel as its Executive Director and shapes its policy and programmatic orientations. Through much of the Panel's history, he has directed the Panel's research projects and been the spokespersons for its advocacy positions. The delegates of the twenty member organizations make all ultimate policy decisions and provide general guidance to the directions of the Panel. With the inception of the Panel's monitoring project and the related research, the Panel's full time staff has grown significantly. The Panel will quickly move to 12 full time personnel. Directing the Panel's monitoring and research activities is John Q. Easton (Ph.D., University of Chicago), who was formerly in charge of monitoring the Board of Education's desegregation programs. John has a wide knowledge of the school system and knows how it works; his contacts across the system are important in a smooth implementation of the monitoring and research projects.

The growth in staff has necessitated a move to larger offices, which should occur in mid-November, when the Panel moves to the twelfth floor of its present building (Suite 1212). Larger space entails significantly larger costs and more equipment, particularly computer capacity, to accomplish the larger tasks it has undertaken.

The Chicago School Reform Act

On December 12, 1988 Governor James R. Thompson signed into law the Chicago School Reform Act (P.A. 85-1418). That act focuses the Chicago Public Schools towards school based management by creating Local School Councils composed of six parents, two community representatives, two teachers, and the principal. It gives unprecedented power to these councils to adopt a school improvement plan, hire and dismiss the principal, and control the use of resources at the school through lump sum budgeting. More than 17,000 persons nominated themselves as candidtates for election to Local School Councils. These councils were elected

by more than 313,000 voters October 11th and 12th. More than a third of eligible parents voted in these elections, and total turnout exceed that of suburban school district elections held last week. The essential elements of the Chicago School Reform Act are as follows.

LOCAL SCHOOL COUNCILS: Beginning this fall, each of Chicago's 544 schools will have a local council with 11 members: six parents, two teachers, two community residents, and the principal. The council will be able to decide whether or not to retain the current principal or to select a new one. Half the schools will make that determination this school year, half next. In either case, the principal (retained or newly selected) will be signed to a four year performance contract. The Local School Council (LSC) also has the responsibility to adopt a three year school improvement plan and will approve a school budget, allocated on a lump sum basis, to support that plan. Resources will be allocated to individual schools on the basis of enrolled pupils and their special needs. The principal, working with the school faculty, the LSC, other parents and community residents, is responsible for developing the school improvement plan and the school budget; but, it is the LSC which must debate, refine, and adopt both the plan and the budget.

DISTRICT COUNCILS: District councils will be created in each of the system's 11 subdistricts (10 elementary districts and one citywide high school district) composed of one parent or community resident member from each LSC. During the 1990-91 school year, district councils will have the same powers to retain or select anew the District Superintendent which LSCs exercise relative to the principal. District Councils are to be clearinghouses to facilitate cooperation between geographically related schools. District Superintendents are charged to track the improvement progress of local schools and may recommend to the district council remediation steps for individual schools. With the district council's support those remedies can be imposed on non-performing local schools, with the ultimate action being the closing of the school, if necessary. Each district council will select two members (three from the high school district) to serve on a Board Nominating Commission, along with five mayoral appointees. Through an open hearing process, the Commission will nominate three candidates for each Board member position, for the consideration and appointment of the mayor.

NEW SCHOOL BOARD: Between May 1, 1989 and May 15, 1990, a seven member Interim Board of Education, appointed by the mayor, governs the initial implementation of school reform. The Interim Board will be dissolved by the appointment by the Mayor of a new, 15 member Board, from nominations proposed by the Nominating Commission. The 15 members will serve staggered four year terms.

PRINCIPALS: All current principals are deemed, by action of law, to be serving under performance contracts, half of which will expire at the end of the current school year, and half at the end of the next year. Principals will then be signed to four year performance contracts, the central elements of which apply systemwide, but key performance ingredients are to be individually negotiated. Principals will be able to select educational staff to fill all new or vacant positions based on merit and ability (not seniority). They will also be able to dismiss teachers who continue to receive an unsatisfactory rating after a 45 day in-school remediation period. The principal is charged to be the eduational leader of the school and is to initiate the school improvement planning and budgeting process.

TEACHERS: Each school will have a Professional Personnel Advisory Committee (PPAC) which will advise the principal and LSC on educational matters and help shape the school's educational program. The teachers at each school will determine the size and composition of the PPAC. The PPAC is entirely separate from the grievance committee established by the Board's contract with the Chicago Teachers Union.

SUPERINTENDENT: The Chicago School Reform Act required the Interim Board to conduct a national search for a new General Superintendent to be hired under a three year performance contract. The Interim Board has recently signed a contract with Ted C.

Kimbrough, a 26 year veteran of the Los Angeles school system and currently superintendent of the Compton, California public schools.

STATE CHAPTER I FUNDS: Unlike most states, Illinois includes in its school aid formula a component which provides extra resources to school districts with more than the average number of disadvantaged students (based on the federal Chapter I count). That provision provides about $262 million in the current year. Previously, 60 percent of those funds was to be allocated to schools on the basis of enrolled free and reduced lunch students; 40 percent was to be allocated on the basis of total enrollment. The funds were to be used for a restricted list of services. In fact, the Board deducted one third of the targeted fund to support administrative overhead for services provided to all schools. The reform act requires all State Chapter I funds to be spent at schools, and only at schools. Further, phased in over a five year period, the funds will become allocated solely on on the basis of qualifying students and will become completely discretionary for use over and above the basic program level to be provided to all schools. Suggested uses of the funds include early childhood programs, enrichment, tutoring, and lowering class size, but any beneficial educational use beyond provision of basic programs is permitted. In the first year of implementation, this requirement forced a reduction in the size of the central administration of approximately $40 million; the reallocation of those funds meant about $90,000 in additional discretionary funds was available to the average Chicago elementary school to begin to implement school based management. At the end of the phase in period, this discretionary fund will have grown to about $250,000 per school. This resource component of the Reform Act is often overlooked in reports of the Chicago effort.

ADMINISTRATIVE CAP: To ensure continued focusing of educational resources on the educational program of the schools, a ceiling has been put on the percentage of funds which can be spent on non-instructional purposes. The ceiling is equal to the average proportion of non-instructional spending in all other districts in the state in the prior school year. This provision was the source of funds for implementing the first year of reallocation of State Chapter I funds.

SCHOOL CHOICE: The legislation contains a provision requiring the Board to implement a program of additional enrollment choice beginning in the school year 1991-92. Low income students must be provided access to free transportation to facilitate such enrollment choice. Any enrollment choice plan enacted must comply with the Board's desegregation plan which currently provides enrollment choice for about eight percent of the district's students.

OVERSIGHT: The Chicago School Finance Authority, originally established to force fiscal stability on the school system in 1980, was given expanded powers to monitor the implementation of the Chicago School Reform Act. The Board of Education must file an annual plan containing its goals and objectives for reform and an annual report on the implementation of the previous year's plan. However, while the Finance Authority can prevent the opening of school if the system's budget is not balanced, its sanctions relative to the reform plan are limited to making an annual report to the governor, the mayor, the leadership of the General Assembly, and to the public. These reform powers terminate on June 1, 1994.

GOALS OF REFORM ACT: The Chicago School Reform Act lists ten specific goals which the public school system is expected to meet within five years. They are:

1. Meet national norms of student performance in reading, math, writing, and higher order thinking.
2. Improve attendance and graduation rates of students to national norms.
3. Assure students are adequately prepared for and make a successful transition to higher education.
4. Assure students are adequately prepared for and make a successful transition to employment.

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5. Assure students are provided a common education of high academic quality and with high expectations of their capacity to learn.
6. Assure all students have foreign language proficiency and are exposed to international studies.
7. Assure all students are exposed to journalism, drama, art and music.
8. Assure individual teachers can make decisions about instruction and method of teaching.
9. Assure opportunity for student expression through visual arts, music, drama, and dance.
10. Assure all students have adequate athletic programs.

Relevance for H.R. 3347

It should be obvious, by now, that there are a number of similarities between what we are trying to accomplish through the Chicago School Reform Act and the intent of the National Demonstration Program for Educational Performance Agreements for School Restructuring. The basic philosophy is very similar: that the very effort to assure a quality education is available to all children through regulating the use of inputs (whether funds, programs, qualifications, etc.) is so stiffling that it prevents creative local approaches to meeting the needs of our children, particularly those of our most disadvantaged children, and that the best thing that can be done to help those children is to remove those regulations while requiring in return higher performance. To accomplish that philosophy, there must be a clear articulation of goals to be met and sanctions to be imposed if the goals are not met. At the same time, it must be clear that the civil rights of individual children must be protected as this experiment is carried out.

In my reading of H.R. 3347, I find each of these components is present. The bill proposes establish a program of pilot projects in every state in which school districts, states, and the Secretary of Education enter into agreements under which the school districts will be freed of the constraints on uses of federal funds in exchange for achievement of clearly agreed upon improvements in student performance. The three key indices of improvement included within the act are virtually identical with the key indices of improvement in the Chicago School Reform Act: reduction of the dropout rate, reduction of teacher and student absenteeism rates, and improvement of student skill levels in reading and math. These are exactly the key measures in the Chicago reform effort. Each is measureable and quantifiable. Other goals may also be desireable which focus attention beyond the minimalist measures such quantifiable goals utilize, and such goals can be included under H.R. 3347, as they are in the Chicago School Reform Act.

As I mentioned earlier, I wish Chicago could have qualified for such a national demonstration project when we were enacting the school reform bill. This project would significantly expanded the flexibility we were trying to give local school councils and the professional staffs at local schools. Let me mention a few specifics.

Recently the federal government has relaxed regulations on the use of federal Chapter I funds for disadvantaged students when more than 75 percent of a school's enrollment qualifies for such funds. More than half of Chicago's elementary schools have more than 75 percent of their students who qualify for such aid. Unfortunately the total number of dollars available under the program does not provide assistance for all qualifying students, due to underfunding of the program in the federal budget. This means that federal aid must be concentrated in the schools with the highest concentrations of qualifying students. But the method of counting qualifying students creates a quite distorted vision. The use of enrollment choice mechanisms, extensively advocated by recent federal administrations, means that disadvantaged students often attend schools outside their residential neighborhood. In their new schools, they are not counted as disadvantaged! The dollars do not follow the child! At

a meeting last week, the principal of the Burley School complained that she had a student body in which more than 90 percent of the students qualified for a free lunch, but, because the school is located in a more affluent neighborhood, she did not qualify for federal Chapter I assistance. The elimination of regulations on the use of federal Chapter I funds would allow the school system to distribute these funds evenly to all students on the basis of the enrollments of disadvantaged students, the mechanism we have now included in the Chicago School Reform Act for distribution of state poverty generated revenues. It would also allow all receiving schools to utilize these funds in educationally beneficial ways which would not require pulling disadvantaged students out of regualar classrooms, and thereby labelling them, in schools with less than 75 percent disadvantaged enrollments.

Let me give you another example. Federal vocational education funds have been an important factor in assuring that job-oriented education is available in the public schools of the land. However, these funds are not always utilized as intended. Several years ago I reported to this committee on our studies of the dropout problem in Chicago. In that testimony, I mentioned that one of the ironies in Chicago is that attendance at a vocational high school is one of the ways to avoid attending a neighborhood high school with a dropout rate over 50 percent. Six of the 21 high schools with the lowest dropout rates in Chicago are vocational high schools which are able to offer outstanding educational programs, in part because they receive extra funding through the Carl Perkins Act. The irony is to see the pride the principals of those schools have, shared by other Voc Ed officials in the district, at the high proportions of college matriculation among the graduates of those schools. In fact, the proportion of graduates going on to college is signficantly higher in those vocational high schools than in most general high schools in the city, and their ACT scores are significantly higher. In effect, for years Chicago has used federal Voc Ed funds to maintain a set of selective, college prep high schools for inner city kids, by requiring them to take a minimum of vocational education courses, in effect as electives on the college prep track. While this may have a broadening effect on these students, it does narrow their opportunities to take courses which would make them competitive with their suburban peers in preparation for college entrance tests and placement in freshman courses when they do matriculate. H.R. 3347 would offer the possibility of freeing these students from this constraint and opening up more vocational course opportunities for students intending to seek employment after high school.

I have one concern about H.R. 3347 as I have reviewed it. State governments and local school districts also have a number of constraints which hamstring local schools and keep their staffs from being creative in meeting the needs of their students. Freeing those schools of federal constraints is quite important, but it may not be enough to have the results you hope for. I would suggest that you to add a provision encouraging participating state and local jurisdictions to provide corresponding waivers of constraints for school districts entering into these agreements. In Chicago, we felt if we could just free local schools from the bureaucratic constraints of our own local district, we would accomplish much. I would hope you would not overlook the importance of similar encouragement in this federal legislation.

Support for H.R. 3347

On behalf of the Chicago Panel on Public School Policy and Finance, and as a representative of the school reform movement in Chicago, I urge the House of Representatives to enact a bill to establish a National Demonstration Program for Educational Performance Agreements for School Restructuring. Evidence is beginning to emerge that an emphasis on the outcomes of education rather than control of the inputs is likely to be more appropriate for those seeking to improve the quality of public education in this country. Continued controls on the inputs are comfortable for eduational professionals. It makes it clear what things they can do and what things they cannot. Their decisions are not then subject to negotiations, whether with unions, or parents, or principals. And employee groups also find such regulations comfortable, for they guarentee jobs for specialized parts of their membership. A focus on outcomes is not comfortable, for anyone. But it is likely to be beneficial for children. A further effort to demonstrate that outcomes will improve if we focus on them rather than on controlling inputs seems entirely appropriate. I urge you to enact H.R. 3347.

CHICAGO PANEL ON PUBLIC SCHOOL POLICY AND FINANCE

220 South State Street, Suite 1212 • Chicago, Illinois 60604 • (312) 939-2202

RESEARCH STUDIES COMPLETED

Against the Odds: The Early Identification of Dropouts, *an analysis of student data from kindergarten through the high school years showing that students at high risk of becoming high school dropouts can be identified with 90 percent accuracy by the fourth grade.* by Fred Hess, Arthur Lyons, Lou Corsino, and Emily Wells, June 1989. $5.00.

Invisibly Pregnant: Teenage Mothers and the Chicago Public Schools, *an analysis of the dynamics of teen pregnancy and dropping out through case studies of teen mothers who attended Chicago Public Schools.* by Fred Hess, Denise O'Neil Green, Anne Elliott Stapleton, and Olga Reyes, December 1988. $5.00.

1987-1988 Assessment of School Site Budgeting Practices of the Chicago Public Schools, *the third annual assessment showing the lack of significant implementation of the 1985 reform legislation.* by Christina Warden, Diana Lauber, and Fred Hess, August 1988. $5.00.

Who Benefits From Desegregation? *a review of desegregation programs between 1980 and 1986 showing fewer than 4 percent additional minority students are now in desegregated settings than before plan initiation.* by Fred Hess and Christina Warden, December 1987. $5.00.

Bending the Twig: The Elementary Years and Dropout Rates in the Chicago Public Schools, *an analysis of the elementary schools from which the Class of 1982 entered high school, compared with conditions for the Class of 1990, predicting a lower dropout rate.* by Fred Hess and James L. Greer, July 1987. $5.00.

1986-1987 Assessment of School Site Budgeting Practice of the Chicago Public Schools, *the second annual assessment showing the lack of significant implementation of this reform legislation.* by Diana Lauber and Fred Hess, June 1987. $5.00.

Where's Room 185? How Schools Can Reduce Their Dropout Problem, *an ethnographic study of four matched pairs of high schools. Determines the school management factors affecting dropout rates.* by Fred Hess, Emily Wells, Carol Prindle, Beatrice Kaplan and Paul Liffman, December 1986, in two volumes. First volume $5.00; second volume $10.00; set $14.00.

School Budget Hearing Assessment, *an assessment of the Chicago Board of Education's implementation of school-based budgeting procedures mandated in 1985 by the Illinois legislature.* by Fred Hess, Diana Lauber, Carmen Vazquez, and Claudia Ingram, June 1986. $3.00.

Who Gets Extra Staff, *a review of government funded programs in the Chicago public school system.* by James L. Greer and Fred Hess, May 1986. $4.00.

American Jewish Committee•Aspira of Illinois•Center for Neighborhood Technology•Citizens Schools Committee•Chicago Region PTA•Chicago United•Chicago Urban League Chicago Westside Branch N.A.A.C.P.•Community Renewal Society•Erie Neighborhood House•Jewish Council on Urban Affairs•Junior League of Chicago, Inc.•Latino Institute Lawyers Committee for Civil Rights Under Law (non voting)•League of Women Voters of Chicago•Metropolitan Mission Strategy Organization of the United Methodist Church (ME 190) Mexican American Legal Defense and Education Fund•The Woodlawn Organization•United Neighborhood Organization of Chicago•Youth Guidance

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Implementing Educational Reform in Illinois, *an analysis of the educational reform legislation passed in Illinois in July 1985, and historical levels of state funding for schools*, by F. Howard Nelson, Fred Hess, and Richard Yong, November 1985. $4.00.

Chicagoans View Their Public Schools, *a public opinion survey initiated and conducted by an ad hoc committee of former members of the Board of Education and other educators, with the advice and logistical support of the Panel*, by Herbert J. Walberg and Fred Hess, June 1985. $3.00.

What Are We Willing to Pay for School Reform?, *an analysis of all educational reform measures proposed for Illinois in 1985*, by F. Howard Nelson and Fred Hess, May 1985. $7.00.

Dropouts from the Chicago Public Schools, *an analysis of Dropout Rates for the high school Classes of 1982, 1983, and 1984, by individual schools, based on 100,000 student records*, by Fred Hess and Diana Lauber, April 1985. $5.00.

Recreational Programs in a Time of Fiscal Constraint, *an analysis of programs supported by the Playground Fund Tax Rate*, by Fred Hess and Michael E. Davidson, January, 1985. $2.00.

Revenue Short Falls at the Chicago Board of Education: 1970-1984, *a 15-year analysis of revenue trends, adjusted for enrollment changes and inflation*, by James L. Greer and Fred Hess, June 1984 (updated annually). $3.00.

Teacher Transfers and Classroom Disruption, *a study of teacher reassignment practices and resulting classroom disruption*, by Fred Hess and Hannah Meara, January 1984. $3.00.

Class Coverage in the Chicago Public Schools, *a study of teacher absences and substitute coverage*, by Hannah Meara, Marilou Fallis and Anne Carlson Hallett, June 1983. $3.00.

Budget Cuts at the Board of Education, *a five year look at spending and staffing changes following the 1979 fiscal crisis*, by Fred Hess and Anne Carlson Hallett, July 1982 (updated annually). $4.00.

Contracted Research:

METROSTAT

CENTER FOR METROPOLITAN STATISTICS AND RESEARCH

Assessment of the Sara Lee Corporation's Adopt-A-School Program at Harper High School 1982-1988, *an assessment of existing Adopt-A-School programs with recommendations to shift to a data driven approach to improving student achievement*, by Fred Hess, Virginia Lazarus, Christina Warden, and Denise O'Neil Green, August 1988.

Mr. POSHARD. Thank you, Mr. Hess. Just a couple of comments. First of all, I am well aware of what everyone went through in the Chicago school reform movement. What struck me as the legislature was considering that some years ago was that all of the years that Chicago had gone through without ever trusting the parents to be involved in the process—that seemed to be the constant refrain through the whole reform movement, as you know, that parents really can be trusted to help decide what happens to their children and we need to give them more of that empowerment to do that.

I think Chicago is going to be much better served in the future because of the reforms that you folks have made. I do hope that you stand as a watchdog to make sure that those things are followed through and that people, once again, have something to say about what happens to their children in the classroom.

Ms. Dennett, just one comment on your questioning. In the years that I spent in education, one of the most frustrating parts of our system to me was the fact that when you succeed you are punished.

To me this bill, if we can ever get all of this ironed out, will never again allow that to happen. When you can take the Chapter 1 children or the other special ed children or remedial children and get them to succeed without losing your funding base that would be a great improvement. But there are so many disincentives right now to show success in our school systems.

It weighs most heavily upon those school systems that have the highest number of disadvantaged students, because we are forced not to succeed sometimes, not to want to do very much to succeed. That is the pity of all of it.

Mr. Hayes, you had a question, sir.

Mr. HAYES. Not so much a question as a comment. I will be very brief, Mr. Chairman.

I must say that the young lady there who endured a rough night to get here, I admire you for your courage. It even disturbed me when I tried to sleep.

Ms. DENNETT. I knew someone would take care of us.

Mr. POSHARD. Not too many things disturb Charlie when he is trying to sleep.

Mr. HAYES. I just want to commend first my colleague Mr. Smith for taking the initiative in introducing this legislation. I think that the opportunity to really improve the public school system is within this piece of legislation.

It is possible and I think some of the testimony we have heard here would steer us in the right direction to make certain revisions in the bill that is now structured to bring about the performance.

I was glad to hear Mr. Hess point out some of the things that we at least need to look forward to in the way of correction in Chicago.

One thing I would like to have you maybe give me some information or some opinion on—you know, one of the things that is becoming more and more visible is the usage of our Lotto money in the state of Illinois. You know, the state handles the distribution. When that was instituted the big reason for it was to help spend on our educational system.

We have got a lot of poor people who line up daily and weekly playing that Lotto, trying to become members of the Fortune 500, I guess, which is quite unlikely.

I have tried and I am still trying to, and I wish the Committee on Reform would demand of the state an audit of that fund as to how it is used and what percentage of it really goes for education as part of our monitoring process.

Money is not the only answer, but if we are going to do some of the things that we have talked about here we have got to begin to make people, leaders who are handling the funds, to do it responsibly.

I am concerned about the shortchange that poor kids are getting, particularly when they spend $800 more, as I am told, on a kid who goes to school in the suburbs surrounding Chicago than they do on a kid that goes to the inner city.

Now, certainly this kind of inequity cannot continue to exist. That is why we have such a high dropout rate among some of the—and teenage pregnancy and these kinds of things that lead kids to drop out of school.

I introduced some legislation on that. In fact, funding on the Federal level is still pending at the expiration of this third year of that existence. I do hope we will get funding for it.

I think performance is key and our monitoring apparatus as a part of the school councils is something that is very necessary. I would like to hear your comments on that.

Mr. HESS. Thank you. I also am concerned about the inequities in funding in Illinois. I was glad that Illinois' name did not get dragged into the mud with Texas earlier, but it should be, really. I mean, we have about a four-to-one ratio between our richest and poorest districts. We do have to do something about it.

I urge you, Congressman Hayes, to join with the Urban League on our school finance effort that we are going to be doing jointly in November, December and January, but that is basically a state issue. We have to fight at the state level.

I think we do have to find ways to fund our schools adequately. One of the things—you know, it does not do any good to talk to you about our state problems, but we do need full funding for Head Start programs. We do need full funding for Chapter I programs.

Right now we have the irony that when we have Choice programs in operation within our school system, which we do, the children who come from low income backgrounds who exercise that Choice and go to a middle income school, their funding does not go with them.

So the irony is that they leave a bad school to go to a better school, but that better school cannot produce any particular programs for them. So there are some of these ironies that are involved in the regulation of the Federal effort that I hope this bill will help to iron out.

Mr. POSHARD. Thank you. Mr. Smith?

Mr. SMITH. Thank you, Mr. Chairman. I want to thank you both for being here. I cannot say that I thought of it as I was sleeping, but I heard you were driving yesterday, Ms. Dennett, and I thought, my god, what a day to drive anywhere and what a night.

You have both described in different ways the importance which the chairman picked up on of community-based involvement and the question of reintroducing a fundamental component of any successful school anywhere, which is that individual people are invested in it. They are invested in its success. They are excited by it. They feel welcome in it.

I would like to tie that to the issue of the involvement of the professionals, because I do not think you could show me a school in which the professionals look forward to coming to work every day, where the professionals going into that school felt well used and felt in control of their lives, where in fact the rest of the community would not also feel positive.

It strikes me that you cannot have one without the other. When you have neither, what you have is a school that is, even on its best days, moribund, where people with winning scripts survive or prosper and people without winning scripts do not survive.

I would also connect that in my own mind to the shortage of teachers. To me, along with all the laws we can pass, and I want to add this as a natural corollary for your comment, that we will never succeed in getting more people or as bright, let along brighter, people—and I have always resisted that distinction—to go into schools until we treat them like adult professionals.

There is a fundamental recruiting problem and it is not just the money and it is not just all the other things. It is, in fact, that they are treated like children themselves in too many cases when they finally surrender to the daily routine of the classroom.

Could the two of you briefly just talk about from your experience, in Chicago and Montvale, how this legislation and how your experience come together around the issue of community-based involvement and investment, teacher involvement and investment and excellence?

Ms. DENNETT. Actually, something that Roland Barth said in his book, "Run, School, Run," is exactly that point, although maybe he said it better than I could, quickly anyway.

He says, "Probably nothing within a school has more impact on children in terms of skills development, self confidence and classroom behavior than the personal and professional growth of teachers. When teachers individually and collectively examine, question, reflect on their ideals and develop new practices that lead toward those ideals, the school and its inhabitants are alive. When teachers stop growing, so do their students."

I think it is a major problem. I think we have told people that schools are in trouble. There is not a lot of respect for teachers. We constantly point out that they are the problem in many cases, and so why would anybody choose a profession that does not pay all that great in the first place, so that they can get beat up on on a regular basis and feel that they are out of control of the important things that happen in their lives?

One of the things that was important, I think, about the changes that happened at Montlake was that it was not just the kids that started to grow and kept growing and grew more, but the teachers themselves made dramatic changes, both in their skills inside the classroom and in their personal lives.

It was one of those places where everyone loved to be there. When you came in the door, even strangers would walk into the building and say, "Wow, what is going on here? You can feel it in the air." It is just so important. It is time, support, encouragement, vision, all of those kinds of things.

While resources are absolutely critical, these things in some ways are even more fragile and more critical. Teachers are there because they care about what they do and they care about the kids and the will go to unimaginable lengths to do that and do it well.

We have got to provide a place where that really gets supported.

Mr. HESS. If I could also comment, we did some work with one of the high schools in Chicago last year and sat down to work with them in terms of creating a school improvement plan and working with their faculty.

In the beginning stages of that what we did was to go and talk to all of the teachers and say, "If you could do anything you wanted in this school to make this school better, what would you do?"

About eighty percent of them gave the same answer. The answer was, "We would change the kids."

Unfortunately, that is the fallout of the Coleman report as it has been used through the education community. While it produced Chapter I in its original effort in the 1960s, it has been used in the educational community to say, "Poor kids cannot learn and you cannot expect them to learn. If we have poor kids we can't expect it to work."

Fortunately, we have had a whole set of literature with the Effective Schools work that shows that that is not necessarily true and that that connection is not an automatic connection and that we should not use that to limit kids' visions.

What has happened is that it has limited teachers' visions, a lot like the fleas that Ms. Dennett was talking about a few minutes ago, and to give teachers that sense to be creative, that sense of taking control of their environment again, I think, is one of the things that is going to overcome the dearth of morale in the teaching force right now.

We have teachers who simply do not believe you can do anything good in schools, so why try, and therefore why encourage anybody else to go into teaching?

So I think it does relate to the teacher shortage question, the lack of morale, and I think one of the major issues here is to get teachers involved in creating programs that they know will work with kids that will be their projects, the investment of their lives in something that works and that they feel good about. That is going to encourage other kids, then, to go into teaching to be among the brightest and the best who also want to go and put their lives in the service of other young people.

That is not happening today. Money is a part of it. We only moved within five years from about a $14,000 a year starting salary in Chicago, and that is not enough to attract the bright kids coming out of college.

My son was going to be a teacher until he saw what the starting salary was and that he could get twice that in other fields, and he went into something else. I am sorry about that.

So money is a part of it, but I think also this sense of being in control of their environment, having an ability to put their lives into what they are doing and having it have some effect. This is a key part of that whole environment.

Mr. POSHARD. That carries over also—I have observed over the years that in those authoritative, straight-jacketed kinds of administrations there is a direct correlation between what is taught in the classroom and the way a teacher is so-called "governed."

In those authoritative, straight-jacketed environments I never see kids going much above the lower level thinking skills, memorization and regurgitation, but where teachers are allowed to participate, they are allowed to be creative themselves, then you see analytic, creative, and critical thinking skills being taught to students.

It goes all the way through the system. That is why flexibility has to be a key here and administrators and teachers simply have to be able to engage in those kinds of activities together.

Mr. HESS. We had a superintendent in Chicago who came in a number of years ago and her basic approach was to create a curriculum which was teacherproof.

If you start out from that perspective you are never going to get any creativity in the classroom, never.

Ms. Dennett. In fact, one of the things that I think—you talk about first level change and second level change. First level change is sort of doing things a little bit better that we have always done. We can do that. We know a lot about how to do that, but if we are really going to get to second level change, where we dramatically change the way we are doing things, which is what I think we have to do now with schools, then we have got to stop putting all of our energy into that kind of stuff and really provide places for people to think about it in completely different ways.

We haven't done that. I think this is an important step in trying to do that.

Mr. POSHARD. Mr. Smith?

Mr. SMITH. I think we are approaching the witching hour—I don't know if I should put it that way anymore, but with the noises and sound effects of the day, however, it is sort of Halloween-like.

I just want again to thank you, one for your effort to be here, two for your patience—and I hope some of it was interesting to listen to in listening to what the other people said and we will try to make sure you get a full copy of everything that happened—and three for this last conversation, which was triggered by Mr. Poshard's comment about getting the community invested, because it reminded me why I started out working on this idea five years ago, which is based on the conversations with teachers especially.

My fundamental conclusion is that until schools become fit places for teachers to spend time and to work they will never be fit places for children to learn.

It is a fundamental reality of the work place, whatever you do—and we have learned it in other places and we have yet to learn it except by exception in our schools—that, short and sweet, is what we are trying to do.

I think your testimonies today, along with the other testimony, is helping us to get the concerns—one, about the system, and, two, about retreating from our commitments all on the table—because

it is only when people are candid about, one, what is wrong, and, two, the mistakes we could make if we went too rapidly or in the wrong direction—we have got to get all those things on the table.

I think that then this committee can fashion something which achieves the dream that we have about schools and the people who work in them and learn in them.

You have been enormously in that regard, coming as you do from positions somewhat closer to the classroom than any of us currently have. I appreciate your being here and your testimony.

Ms. DENNETT. Thank you.

Mr. POSHARD. Thank you, Mr. Smith. I second Peter's remarks and I thank you very much for being here. I would make a note that we are leaving the record open for ten days for submission of additional statements and testimony of those people who could not be here today.

If there are no other questions from the committee, the Subcommittee on Elementary, Secondary, and Vocational Education is adjourned. Thank you.

[Whereupon, at 12 noon, the subcommittee was adjourned.]

[Additional material submitted for the record follows.]

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November 16, 1989

TESTIMONY

House Committee on Education and Labor

H.R. 3347

"National Demonstration Program for Educational Performance Agreements for School Restructuring"

David S. Wolk, Principal, Barstow Memorial School
Senator, State of Vermont

Good Morning.

My name is David Wolk. I have been a Vermont elementary and middle school Principal for the past 6 years at the Barstow School in Chittenden. The school, serving 300 rural youngsters from Kindergarten through eighth grade, was one of Vermont's three selections last year for the U.S. Department of Education Elementary School Recognition Program and in 1986 the school became the first fully accredited K-8 school in New England. Previously, I have worked for seven years as a high school

teacher and administrator. I am also a Vermont State Senator, serving on the Senate Education Committee among others. I was educated in Rutland City public schools, Middlebury College, the University of Vermont, and Harvard University.

I am here today to express my very enthusiastic support for H.R. 3347, a National Demonstration Program for Educational Performance Agreements for School Restructuring.

As an educator and as a State Senator, I am not here to merely issue the perennial complaint that the federal government mandates programs and services which others must fund. I am not here to stridently suggest that because P.L. 94-142 has never been adequately funded that we should radically increase the federal share of special education to meet that promised goal. Instead, I am here to ask you not to send us more money. Please -- do not send us federal aid to education beyond current levels.

Instead, let us plan together for creative ways to allocate existing resources. Let us remove the imposed straitjacket of federal regulation. Let us agree upon measures of performance which will focus on the ends,

not the means. Let educators, in concert with parents and communities, develop the means to that end of improving performance. In short, trust us. H.R. 3347 assumes that we trust each other, and that we will earn our right to maintain that relationship built on trust.

Several months ago I mentioned to Vermont Congressman Peter Smith that we need to establish and maintain this sense of mutual trust in our federal-state-local partnerships. Furthermore, while we need to aggressively ensure accountability, we must also provide the autonomy, flexibility and creativity which might unleash the innovative ideas and exemplary practices which we all desire for our schools.

This partnership, and the unleashing of human energy and innovation, would be greatly facilitated by enactment of this legislation.

A special education teacher recently told me that "our priorities are twisted: the federal focus is on dates, deadlines, forms and procedures, when instead the emphasis should be on children and learning." There are currently 27 forms which must be faithfully completed and included in each student's file each year. Filling out forms, filing the proper

paperwork in the appropriate compartments, and conducting the requisite number of planning meetings and parent conferences are all the steady diet of special education teachers who thought they were going to be able to teach children when they entered the profession. We can do better than this.

The paperwork burden and regulatory limitations have been promulgated not by those of you who enact such legislation, but instead by the bureaucracy responsible for administering such programs. Clearly, government must continue to closely scrutinize public programs and to ensure protections related to civil rights, discrimination and safety. But government at all levels must also enable and empower local schools, providing the incentive for flexibility in attaining improved student performance.

Over the past three decades there have been periodic calls for educational reform, including national studies, blue ribbon commissions, special task forces and other well intentioned efforts. Most of their reports and proclamations have resulted in new federal and state mandated programs which have been funded primarily by local property taxpayers.

These reforms come from special interest groups, colleges, universities, private foundations, business think tanks and federal and state education bureaucrats who recommend altruistic initiatives for the educational practitioners to implement. Educators by and large try their best to react to and act upon calls for reform. But volumes of research reveal to us and, more importantly, human nature tells us that those who are involved in collaborative decision making from the ground up are more invested in reform than those who react to missives from on high. H.R. 3347 provides for such collaborative partnerships for reform and further offers the guarantee of accountability and performance.

I can tell you with confidence that Vermont will enthusiastically embrace this proposal. We in Vermont are increasingly supportive of incentive programs in lieu of mandates. This year we allocated seed money, matched by businesses in the state, for those districts who, by competitive proposal, committed themselves to "reinvent schools for very high performance", an initiative proposed by Education Commissioner Richard Mills and supported by the State Legislature. State and local authorities are ready, willing and able to devote the financial resources

as well as the philosophical support and commitment called for in the proposed legislation. We are poised to pursue this today, tomorrow and whenever you deem it appropriate to enter a new era of mutual trust and improved accountability.

Local educators, parents and board members will not improve schools by being cajoled or coerced. They instead will improve schools by being trusted and then tested. H.R. 3347 offers cooperation, not coercion; incentives, not mandates. We must listen to the relevant research as well as to our own common sense about what works for our schools and for our kids. Please enact H.R. 3347: a catalyst for collaborative creativity and a springboard for school success. Thank you.

Testimony Presented Before The

Subcommittee on Elementary, Secondary, and Vocational Education

U.S. House of Representatives

H.R. 3347

A National Demonstration Program for Educational Performance Agreements for School Restructuring

Dorothy Kerzner Lipsky
Assistant Superintendent
Oceanside (NY) Public Schools
and
Senior Research Scientist
The Graduate School and University Center
The City University of New York

and

Alan Gartner
Director of Research
The Graduate School and University Center
The City University of New York

16 November 1989

We are pleased to have the opportunity to testify on H.R. 3347, to establish a national demonstration program for educational performance agreements for school restructuring.

To create schools that serve and succeed with all children and to develop school systems of both excellence and equity, the following principles are essential:

* to implement the characteristics of effective schools;

* to strengthen the individual school as the locus of decision-making;

* to create effective parent-school partnerships, including opportunities for choice;

* to provide resources and training for teachers, so that they are able to adapt instruction and curricula to meet individual student needs;

* to promote students as learners and workers; and

* to assure sufficient and equitable funding.

Two further factors, we believe, are essential. The first is to promote respect for students that grows from the recognition that while their learning is the desired outcome, it is their engagement that produces that learning; and, the second is to assess and evaluate both the students and the adults, using appropriate measures.

We make these points to emphasize that there is no "silver bullet", no single solution, no one step that itself will produce the schools we seek for our children. This is not to gainsay the importance of the factors noted above -- nor the proposal incorporated in H.R. 3347. It is to place them -- and it -- in context.

Before turning to the topic we have been asked to address -- namely, the extent to which it is appropriate to include students labelled as handicapped in a program of educational performance standards -- let us say a word in general about the concept of providing relief from categorical regulations. Here, we have reference to our experience in the New York City Public Schools, where one of us was Executive Director and the other Chief Administrator, in the Division of Special Education. Then Chancellor Frank J. Macchiarola instituted a program where school principals in planning for the use of resources -- personnel and physical -- were instructed to consider all resources (regardless of source) as a single pool. Of course, the reality was that neither the Chancellor nor the principals could disregard the federal and state restrictions of the categorical programs, either in their use of money or in the targeting of programs. Nonetheless, there is reason to believe that the improvements of the city's schools under Chancellor Macchiarola were at least in part a function of this conceptual framework that sought to view not only all funds coming into the building as a common pool but

also to understand all students in the school as a common concern.

In addressing the application of the provisions of H.R. 3347 to students labelled as handicapped, we will divide our testimony in two parts. First, we will describe the general issues of the learning of students with disabilities, and, second, we will then turn to comments about specific features of H.R. 3347.

According to the latest report of the Department of Education to the Congress on the implementation of P.L.94-142, during the 1987-88 school year, 4,494,280 students with handicapping conditions between the ages of 0 and 21 were served. This represents an increase of 1.6 percent over the previous year, the highest percentage increase since 1980-81. Students with handicapping conditions, ages 6 through 21, were most frequently classified as learning disabled (47 percent), speech impaired (23 percent), mentally retarded (14 percent), and emotionally disturbed (9 percent). These four categories included more than 93 percent of the students served; no other category included more than 2 percent of the total. (Between the 1986-87 and 1987-88 school years, continuing trends of previous years, the numbers of students labelled as learning increased by 2 percent, while the number of students labelled as mentally retarded decreased by 3 percent.)

"Capable of achievement and worthy of respect" expresses our view about the capacity of students labelled as handicapped. While P.L. 94-142 has been successful in providing access to students labelled as handicapped, it has failed in terms of their learning. We can see this in examining several outcome measures: student learning; drop-out rates; graduation rates; return to general education; and post-school education, employment, and community living.[1]

Student learning: Although more than a third of school districts excuse students labelled as handicapped from the standardized tests that all other pupils take -- a telling comment in itself -- the results available indicate the school's failure in terms of academic knowledge acquired by these students. According to the National Longitudinal Transition Study, nearly one in four students with disabilities failed to pass any part of the minimum competency tests they were required to take, a third of the students passed some of the test, and four in ten passed the entire test.

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[1] The data cited here, as well as many of the basic ideas, are presented more fully in Gartner and Lipsky (1987). Beyond special education:Toward a quality system for all students. Harvard Educational Review; Gartner and Lipsky (1989). The Yoke of Special Education: How to Break It. A monograph for the National Center on Education and the Economy; Gartner and Lipsky (1989). Equity and Excellence for All Students. A presentation before the National Council on Disability; Lipsky and Gartner (1989). Beyond Separate Education: Quality Education for All. Brookes Publishing. The order of authors in these publications, as well as that of the presenters here today, does not represent seniority.

Drop-out rates: While there are no systematic national data collected regarding drop-out rates, the information available from the latest report of the Department of Education to the Congress on the implementation of P.L. 94-142 shows drop-out rates a fifth or more greater than those for students in general education. Among those students labelled as Learning Disabled, generally the least impaired, the drop-out rate was 47 percent of all those over the age of 16.

Graduation rates: The National Longitudinal Transition Study reports that in a two-year period, 56 percent of special education exiters left secondary education by graduation. Of this group, 79 percent received a regular diploma. Thus, of 3049 special education exiters in the Study's sample, 1347 (44 percent) graduated with a regular diploma.

Return to general education: Data concerning the return to general education for students who have been "in" special education and then declassified are not available. While the federal government collects voluminous amounts of data, it does not collect this essential information on a systematic basis. While such information might be difficult to collect, it would be no harder to do so than for other data required by the federal government. The limited data collected suggest a low single digit figure.

Post-school education, employment, and community living: According to a recent Department of Education funded study, fewer than half of the students with disabilities who had been out of school for one year had found paid employment. And among those employed, less than 30 percent had full time jobs. And while 56 percent of nonhandicapped youth enroll in post-secondary courses in their first year out of high school, fewer than 15 percent of the youth with disabilities do so. Finally, the National Longitudinal Transition Study reports that 31 percent of the youth with disabilities who had been out of school for more than a year had not been engaged "in any productive activity in that year... ".

We see, then, an overall picture of failure, schools that fail students labelled as handicapped. Yet, there are schools where students labelled as handicapped are well educated, that is they learn and achieve. And, analogous with what the late Ron Edmonds argued in the school effectiveness studies, if there are some schools where students labelled as handicapped learn, then this can be true of all schools, if: 1. we care about the fact that they have not, and 2. we craft procedures to enable success to happen.

There is compelling evidence to support the following statements:

* All students, regardless of the severity of their handicap, can learn;

* The great majority of students labelled as handicapped can with appropriate instruction achieve at levels far exceeding their present performance.

Therefore, it is appropriate: 1. to have expectations of such achievement for students with disabilities and 2. to hold school adults accountable for this outcome.

It is within the context of the foregoing that we turn now to the particulars of H.R. 3347.

Section 2(a)(3): We would favor explicit assurance that certain P.L. 94-142 guarantees and due process rights were continued, including: the universal entitlement to a free appropriate education in the least restrictive environment; the use of culture-fair and bias-free assessment; parental participation in decision-making concerning the child's education. In other words, the fundamental rights of students and their parents must be maintained, while bureaucratic procedural requirements should be examined in terms of their actual benefit.

Section 2 (b)(1)(D): States, and as appropriate local educational agencies, should be required not only to specify those state (and local) funds to be affected but also to provide assurances as to the consolidation of and flexibility in the use of such state (and local) funds.

Section 2 (d)(1): The local educational performance agreement committee should (at least) include school administrators, teachers, and parents. Among these should be teachers and parents of children labelled as handicapped.

Section 2 (d)(6-8): In establishing long-term goals, performance goals, and outcomes, it is essential not only that these distinguish, as this section does, those served by the Education of the Handicapped Act, but that they identify within the group of those students labelled as handicapped particular groups.

Section 2 (d)(10): These distinctions should also be made for the indices to be reported upon per Sec. 2 (d)(10)(A)(i-ii,iv). Further, while the "Plan" need not do so, the skill levels to be reported on per Sec. 2 (d)(10)(A)(iii) should be available for individual students. Indeed, it would seem desirable that for each student served by the Plan there be developed the features (although not necessarily the form) of an Individualized Educational Plan (IEP), including current level(s) of performance, intervention(s) to be provided, and measures of achievement (domains and methods). As concerns the methods to be used (Sec. 2 (d)(10)(B)), they should not be limited to norm referenced measures but should also include those that are criterion referenced. And, unlike the current practice in many school districts, no student should be excluded from the measures

of outcome. As with the current practices per P.L. 94-142, there should be provision for alternative measurement procedures.

Our overall point, concerning this and the previous section, is that benefits must both inure to individual students and that data must be reported in a manner that makes this explicit. Further, while there is considerable debate as to the appropriate measures of performance, it should not be debatable that we must measure student learning. The remedy for inadequacies in such measures is not to discard them; it is to improve them. Nor can we delay either the implementation of necessary reforms or the measurement of outcomes for students; the seeking of the best must not become the enemy of doing better.

Sec. 2(d)(11): While the intent of this section is appropriate, its vagueness offers little guidance. For example, what does "insufficient improvement" mean ? Is it on one or each of the indices noted in Section 2 (d)(10) ? For one or each of the target groups per Section 2 (a)(2)(A-I) ?

Sec. (d)(12-13): If the inclusion of these provisions is a recognition that simply allowing greater flexibility to consolidate funds is not sufficient to achieve H.R. 3347 goals, we agree. The Plan, however, should be specific as to: 1. pupil assignment policies that promote student integration; 2. staffing patterns that do not isolate personnel; 3. instructional

strategies that encourage educating students together; and 4. designs for congruence between developmental and remedial programs. To the extent necessary, the assistance provided by states (per Sec. 2(c)(3)) should include support in these areas.

The success of the Educational Performance Agreements to be developed by this legislation requires more than unshackling from bureaucratic regulations. It requires a fundamental change in the way schooling is done. If limited to the former, this effort will be yet another false promise. If it encompasses the latter, it can be a significant tool in the work of restructuring schools to achieve outcomes of success for all students, including those labelled as handicapped.